AFRICA RECOVERY

United Nations Vol. 8 No. 1/2 April-September 1994

Emergencies consuming nearly half of UN assistance

By Roy Laishley

The United Nations has embarked on a concerted campaign to lift international development efforts onto a more intensive — and effective — plane. With deepening economic and social crises around the world, above all in Africa, the initiative — with the Secretary-General's *An Agenda for Development*, released in May, as its centrepiece — is seen by senior officials as crucial if efforts at promoting recovery are not to be swamped by proliferating emergencies. Rwanda's tragedy has pushed Africa's refugee and displaced population alone to 22 million people.

UNHCR/P. Mountzis

Rwandan refugees fleeing the tumult in their country. Emergencies are crowding out economic development from the forefront of the international agenda.

In a July report to the Economic and Social Council (ECOSOC), UN Secretary-General Boutros Boutros-Ghali warned that the UN system was being stretched to the limit because of the dramatic increase in the number of emergencies, with voluntary contributions lagging far behind needs. The share of UN assistance going on emergencies rose to 45 per cent in 1992 from about 25 per cent in 1988, UN Development Programme (UNDP) Administrator James Gustave Speth pointed out in a 29 June open letter to senior officials. Since 1990, the share of emergencies in overall bilateral aid has doubled to 6 per cent. With aid volumes accounting for an ever-lower share of donor economies, development is being doubly starved, Mr. Speth argued (see page 3).

Mr. Boutros-Ghali had warned in his *Agenda for Development* that "development is in crisis" and "in danger of fading from the forefront of our agenda." The report heralded intensive debate within the UN and elsewhere on the urgent need for a new vision of development and for more coordinated action to tackle the root causes of proliferating humanitarian crises.

Developing countries have strongly voiced their fears that peace-keeping operations are being undertaken at the cost of development goals which, they argue, should be the central thrust of the UN organization's activities. And Mr. Speth has been one of many senior aid officials who have argued that the only way to curb escalating emergency costs is to spend more money, more effectively in tackling their root cause — poverty.

Presenting a wider, five-part concept of development (see box, page 29), Mr. Boutros-

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Building Africa's economic capacity

By Ernest Harsch

Increasing Africa's capacity to implement its own development plans was the prime concern of a May 1994 conference of the UN Economic Commission for Africa (ECA) in Addis Ababa at which African ministers of economic and social development and planning also marked the ECA's 35th anniversary. "Human capacities must be built where they do not exist and strengthened where they do," stressed ECA Executive Secretary Layashi Yaker.

Investing in human development is an investment in long-term competitiveness and "an essential element for sustainable and stable progress," added UN Secretary-General Boutros Boutros-Ghali in a message to the conference.

The ministers approved a "framework agenda" and mandated Mr. Yaker to prepare a financing plan for the 1995-2005 first phase of an action programme at national, subregional and regional levels to guide the continent's capacity-building efforts. Significantly increased local and external funding was needed for training African researchers, managers and analysts in order for the continent to achieve economic recovery and regain greater control over its own affairs, ministers said.

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Ethiopian President Meles Zenawi noted in

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Aid and debt relief go to the favoured

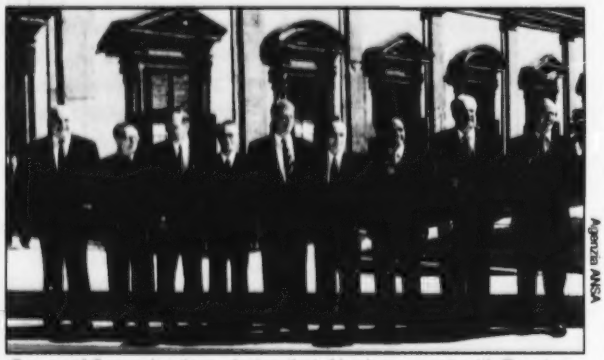
By Christina Katsouris & Roy Laishley

- ***Aid falls sharply in 1993***
- ***No deal yet on deeper debt relief***
- ***Strong support offered for reformers***

Donors are responding to almost continuous calls for strengthened international support for Africa with increasing selectivity in which countries get aid. UN officials have rung renewed alarm bells over a sharp decline in aid flows. Efforts to agree deeper debt relief have also remained stalled. Yet for countries whose policies meet with donor approval funds will be found, recent evidence suggests. "There will always be money for reformers," one World Bank official told *Africa Recovery*.

Latest figures from the Organization for Economic Cooperation Development (OECD) show a near 8 per cent fall in global aid flows in real terms in 1993. The OECD reports "exceptionally large" cuts by Finland, Switzerland and the United States — where aid as a percentage of gross national product was the lowest since records began in 1950 and the lowest among Western donors — with "substantial" cuts also by Canada, Germany, Italy, Japan, Norway and Sweden.

According to estimates by the UN Development Programme (UNDP), aid to Africa has been falling throughout the 1990s. South Africa is now earmarked to take a sizeable chunk of aid funds for Africa, with possible implications for other African countries (see page 25).



Agenzia MISA

Group of Seven leaders, during their Naples summit with Russian Federation President Boris Yeltsin (second from right).

Overall Western aid relative to the size of donors' economies is at its lowest level since 1973, UNDP Administrator James Gustave Speth points out. With much of what is made available going to emergency relief, "long-term development needs are being doubly starved," Mr. Speth said in a 29 June letter to senior officials, alerting them to the latest alarming trends in aid flows.

World Bank lending to sub-Saharan Africa in the fiscal year to end-June 1994, was a disappointing $2.8 bn, the same as the previous year, when new approvals to the sub-region fell some 30 per cent. New lending from the Bank's soft-loan affiliate, the International Development Association (IDA) was $2.67 bn ($2.77 bn in fiscal 1993), with $132 mn from the quasi-commercial arm ($47 mn in 1993). In North Africa, lending was also down to Algeria and Egypt, though the latter the Bank attributes to higher reserves and increased access to other aid sources.

On a more upbeat note, gross disbursements by the Bank were up sharply to $3.19 bn from $2.62 bn, with net transfers also up, to $1.2 bn from $874 mn in fiscal 1993, a rise of nearly 40 per cent.

Some aid donors are also trying to restore part of their recent cuts. The US Congress, in July, increased proposed 1995 funding for Africa to $802 mn for the main development assistance arm, up from the initial request of $783 mn. Actual spending could be higher, US officials point out, with 1994 spending topping $870 mn, well up on the original appropriation.

Disappointment on debt

Despite promises of support for Africa, the lack of apparent action on debt relief at the 9-10 July summit of the Group of Seven leading industrialized countries in Naples drew strong criticism from non-governmental organizations. "We encourage the Paris Club to pursue its efforts to improve the debt treatment of the poorest and most indebted countries. Where appropriate, we favour a reduction in the stock of debt and an increase in concessionality for those countries facing special difficulties," the final communique said. Some Western officials, however, insist that important behind-the-scenes progress was made on a general consensus on the principle of deeper debt relief and that the communique indicates agreement to move forward on the issue.

An official told *Africa Recovery* that "we are not far from a pretty solid consensus" on the Trinidad Terms, which would lift the 50 per cent debt relief presently on offer to two-thirds, with the possibility of 80 per cent in some special cases. However, he warned that the deal was not complete, and that Japan and even the US continued to have reservations on a scheme which for them has respectively legal and fiscal implications. The US currently has legislative authority to provide only a limited amount of debt relief to selected poorest countries. A tentative suggestion made by Japan at the April meeting on the Special Programme of Assistance for Africa (SPA), to provide *de facto* debt relief in the form of increased aid, has not been followed up, officials say.

The Paris Club of bilateral official creditors will meet on 19-21 September to try and agree details on how a possible new accord might be implemented. With the possibility of an improved debt relief package on offer, no new debt cases are expected to come to the Club — Sierra Leone was the last, in July — until any new arrangements are confirmed, aid officials told *Africa Recovery*.

The April SPA meeting in Washington did bring some good news for Africa, with $1.1 bn in additional pledges to the 1994-96 programme. After a disappointing meeting in October 1993, both France — at $1.2 bn, overtaking Japan as the major contributor — and the United Kingdom made substantial new pledges. These now total $6.6 bn against the target of $8 bn which the World Bank, coordinator of the SPA, estimates will be required by the 27 eligible sub-Saharan African countries.

Bank officials stress the lack of any "Afro-pessimism" at the meeting. This, they argue, is the result of a "disaggregated" appraisal of the African situation,

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Rwanda crisis blow for Africa's development

Some 34 million Africans are threatened by famine and severe food shortages, says the UN Food and Agriculture Organization (FAO), with Ethiopia at the centre of a potentially disastrous situation in the Horn. Despite recent rains, massive international relief and rehabilitation efforts need to be mobilized, the FAO says, with events in Rwanda worsening the overall situation. The UN's Department of Humanitarian Affairs (DHA) has been at the centre of international efforts to coordinate emergency operations for sub-Saharan Africa. A May meeting in the Netherlands, co-chaired by the UN's Emergency Relief Coordinator Peter Hansen and Dutch Development Minister Jan Pronk, brought together representatives of 17 donor countries, seven UN agencies and five non-governmental organization (NGO) consortia. The US Agency for International Development has been focusing its efforts on accelerating resources to 10 East African countries in particular. These initiatives aim to greatly improve the international response to Africa's emergencies which, aggravated by civil and military strife, are subverting the drive for development.

Urgent efforts by the UN and other international aid bodies to contain and resolve Rwanda's persisting tragedy exemplify both the scale of resources required to resolve conflicts and the enormity of development momentum lost.

The widening impact of Rwanda's crisis prompted UN Secretary-General Boutros Boutros-Ghali on 1 September to announce a more vigorous regional approach with Mr. Robert Dillon, a former US Ambassador to Lebanon, undertaking a mission to assess ways to strengthen coordination of UN humanitarian efforts. International relief efforts have centred on supplying the flood of refugees and helping the new government formed by the Rwandese Patriotic Front (RPF) in July, both with law and order and humanitarian needs.

UNHCR/B. Press

Rwanda refugees. Some 22 million Africans are refugees or displaced because of strife and drought.

On 22 July, the Secretary-General issued an appeal for $434.8 mn to cover emergency and rehabilitation needs. According to DHA, by early September, $137 mn had been pledged, plus the equivalent of $200 mn in food, medicine and logistical aid. In a 25 May press conference, Mr. Boutros-Ghali conceded that the international community — including the UN — had failed the people of Rwanda by its lack of urgency in response to the crisis.

The Security Council has authorized up to 5,000 troops for the UN Assistance Mission for Rwanda (UNAMIR), and on 8 June expanded and extended its mandate to 9 December. However, problems over identifying countries able to contribute soldiers and logistical support led to what Secretary-General Boutros-Ghali, in a 3 August report, described as "deplorable delays" in deployment. By early September, some 4,000 peacekeepers had been deployed.

The ebb and flow of millions of refugees in often remote areas of Burundi, Tanzania and Zaire has taxed international relief efforts to the limit. Despite the urgent shifting of resources by the UN High Commissioner for Refugees (UNHCR), World Food Programme (WFP), UNICEF and NGOs, backed by coordination from DHA, death rates have remained high.

By early September, up to 360,000 refugees had returned to Rwanda, though numbers are uncertain. There are also some 800,000 displaced people in the south-west, where in July French troops had established a "humanitarian protection zone" for people fleeing from the fighting between the RPF and forces loyal to the previous government.

Since his arrival in Kigali on 4 July, the Secretary-General's new representative, Mr. Khan — replacing Cameroon's Jacques-Roger Booh-Booh — has worked towards firstly an end to the fighting and subsequently for political reconciliation in the country. Since late July, the RPF government has been gradually extending its remit through the country, including, with UNAMIR assistance, in the south-west. An acute lack of financial, physical and human resources continues to hamper efforts to bring security, restore shattered infrastructure and resume normal economic activity. Crops have remained unharvested and new ones unsown, despite UN efforts to make seeds available during a new rainy season. WFP estimated in early September that up to 2.5 million people inside Rwanda are affected by food shortages.

Security and political reconciliation continue to be thwarted by the legacy of fear and bitterness created by civil war between the Hutu and Tutsi ethnic groups which comprise Rwanda's population. The pace of return from overcrowded and unhygienic refugee camps, particularly in Zaire, continues to be slowed by intimidation from Hutu militants, aid officials claim, playing on fears of Tutsi revenge for massacres carried out by Hutu militias following the death in April of President Habyarimana.

In May, Mr. Boutros-Ghali said that genocide had been committed, and he has set up a Commission of Experts to collect evidence with a view to bringing those responsible to trial. The Commission has been asked to submit its report by 30 November. The UN High Commissioner for Human Rights José Ayala Lasso has meanwhile also appointed Mr. William Clarance to head a force of 147 human rights monitors who will investigate

serious violations of human rights.

While the new government has made clear its determination to stamp out cases of retribution and — by appointing Hutus as President and Prime Minister — put into practice its call for reconciliation, it has also emphasized that there must be clear evidence that the perpetrators of past crimes will be brought to justice.

REGIONAL IMPACT

Burundi's crisis remains intimately linked to that of Rwanda, with continuing Hutu/Tutsi tensions since the death of President Ntaryamira in the same plane crash that killed Rwanda's President, and with refugees moving both ways between the two countries.

Efforts at long-term political reconciliation have been hampered by outbreaks of violence, despite mediation by the UN Secretary-General's Special Representative Ahmedou Ould Abdallah and a special Security Council delegation led by Nigeria's UN Ambassador Ibrahim Gambari. President Sylvestre Ntibantunganya's interim appointment has been extended while negotiations continue on the make-up of a new government.

Violence has also hampered efforts to extend emergency relief to over 550,000 displaced people, as well as the refugees from Rwanda. WFP estimates that security problems have led to food losses of some 24 per cent.

Hosting up to 2 million refugees at one point, **Zaire** is also feeling the effects of Rwanda's crisis. Security and administrative services have been a significant problem in a country already suffering from protracted political turmoil. UN Special Envoy Lakhdar Brahimi has continued his mediation efforts.

OTHER CRISES:

ETHIOPIA

Favourable rainfall in areas such as Northern Wollo and Tigray, which are vital for maize and sorghum crops, may avert a famine worse than in 1984 if it continues through September and if food aid is not delayed. The Ethiopian government has said 7.5 million people remain affected in several provinces. UNICEF and WFP are transporting food, drugs and medical supplies to drought and famine-stricken areas, although hampered by heavy rainfall in many places. Distribution in the first half of 1994 met 70 per cent of requirements.

Africa's emergencies*

	Affected Population (mn)	Latest cereal output as % of normal production†	1994/95 food needs as % of normal†	Food aid needs ('000 tons)	Aid delivered ('000 tons)
Angola	3.3	78	326	460	163
Burundi	1.0	73	n.a.	114	63
Chad	0.7	98	184	35	9
Eritrea	1.1	n.a.	n.a.	255	182
Ethiopia	7.5	94	222	1,000	486
Kenya	1.5	103	n.a.	205	n.a.
Liberia	2.4	43	518	145	109
Malawi	3.0	60	88	445	n.a.
Mozambique	1.1	160	102	495	21
Rwanda	**	66	n.a.	105	74
Somalia	1.6	35	490	343	65
Sudan	3.7	83	205	575	170
Swaziland	n.a.	63	111	20	8
Tanzania	n.a.	93	83	339	8
Zaire	n.a.	118	43	30	7

* Countries facing exceptional food emergencies, affected population latest available, all other data as of end-June
** Up to 2.7 million refugees and 800,00 displaced people as of early-September. WFP estimates 2.5 million in Rwanda requiring food aid
† Current year as % of average of previous five years
Source: DHA, FAO, WFP

ERITREA

Famine has threatened over 1 million people, 40 per cent of the population, after "disastrous" 1993 harvests brought on by late and scanty rains, and caterpillar and locust invasions. Favourable rainfall has prompted late cultivation of land in many areas. In late July, WFP reported an improved food supply situation due to a "generous donor response" which resulted in nearly all of the 191,070 tonnes needed being met. However, a shortfall of 67,515 tonnes for 1994 is still predicted.

SUDAN

Amid continued warfare and drought, nearly 4 million Sudanese are threatened by famine, with "catastrophic" conditions for 2 million southern Sudanese, says UNICEF. WFP has appealed for additional pledges for half the 49,100 tonnes of food required for river, rail, and air operations from Khartoum through December, and funding to resume aerial operations. In late August, WFP reported that continued fighting was halting its efforts to supply food to southern Sudan through Uganda.

SOMALIA

Escalating faction fighting, resulting in the deaths of several UN peace-keepers, has led to a reassessment of the prospects of political reconciliation. In late July, UN Secretary-General Boutros Boutros-Ghali sent a mission to discuss the reduction of UN Operation in Somalia (UNOSOM II) forces as Security Council members shared increasing frustration over the failure of faction leaders to stick to the late-March accord brokered in Nairobi by former UN Acting Special Representative in Somalia Lansana Kouyate. The UN Secretary-General's present Special Representative for Somalia, Ambassador James Victor Gbeho of Ghana, who replaced Mr. Kouyate in early July, has continued to meet Somali leaders to agree a national political settlement.

The deteriorating security situation contrasts with an improved humanitarian situation following a bumper harvest. A cholera outbreak, which claimed over 700 lives, was successfully contained thanks to a massive water chlorination and social mobilization campaign by UNICEF and others. UNICEF has immunized 793,000 children against measles and continued other health and education programmes for 500,000 children. However, continuing relief operations in southern and central Somalia, many of them for returning displaced people and refugees, are being hampered, as banditry and attacks on food convoys force agencies to close offices and relocate staff.

ANGOLA

The food security situation remains grave, as fighting continues between government forces and those of the opposition UNITA. Relief fights have managed to get through to the towns of Huambo, Kuito and Malange, according to WFP, which has continued to appeal for more food pledges.

UN-sponsored talks in Lusaka and mediation by South Africa's President Nelson

Mandela, have significantly narrowed the areas of disagreement between the government and UNITA. On 9 September, the Security Council welcomed UNITA's acceptance of the national reconciliation terms and urged full accord by the 30 September deadline for expiry of the mandate of the UN Angola Verification Mission II (UNAVEM II). UN Special Envoy James Jonah visited Angola in September to emphasize the international community's growing impatience with the lack of final accord.

LIBERIA

Efforts were underway in early September to end a political stalemate, with partial acceptance of the call for a cease-fire by Ghanaian President Jerry Rawling, current chairman of the Economic Community of West African States. But elections planned for 7 September have already become a victim of continued fighting and the failure to disarm the numerous factions. The UN Secretary-General, in a July progress report on the UN Observer Mission In Liberia (UNOMIL), warned the warring factions that if tangible progress in the peace process was not made then the UN presence in Liberia might be terminated before the 22 October expiry of its mandate.

Many parts of Liberia remain cut off from relief supplies, and with fighting making planting impossible, WFP has expanded its food programme to cover some 2.4 million Liberians, either internally displaced or refugees in Côte d'Ivoire, Sierra Leone and Guinea. Liberia's instability has continued to affect neighbouring Sierra Leone, where renewed fighting was reported in eastern areas and where some 250,000 people are also receiving relief from UN agencies.

MOZAMBIQUE

An end to fighting has helped to ease the humanitarian crisis, with refugees returning to their farms and homes. In a 7 September statement, the Security Council expressed itself "satisfied, at present, with the pace of the peace process," and expressed "a cautious optimism" that its goals would be achieved. Elections are scheduled for 27-28 October. The UN will deploy 1,200 electoral observers for the actual polling and counting of votes.

In a 1 September report, the Secretary-General said that more than three-quarters of the estimated eligible voters had been registered as of 25 August. While demobilization was substantially completed by 22 August, just one week after the deadline, the security situation continues to give cause for concern, the report said. A large number of weapons remained uncollected and there have been significant delays in the formation of new Mozambican Defence Force, which by the elections was expected to number some 10,000, against a planned 30,000. With delays also in setting up the new police force, the Secretary-General recommended stepping up UN Operation in Mozambique (UNOMOZ) operations. The Security Council had renewed the UNOMOZ mandate on 6 May for a final six months until 15 November.

Following improved harvests, the FAO and WFP expect food imports to drop by a third this season. However, some 1.1 million people still need emergency food aid, half of them returnees, with another 347,000 people affected by drought and the rest demobilized soldiers and their dependents. Some 75 per cent of the estimated 3.7 million displaced have now been resettled and UNHCR expects that a further 324,000 refugees will return by end-1994. ■

UN response to African women in crisis

By Rasna Warah

Women and children constitute 80 per cent of the 22 million Africans that are internally displaced, refugees and returnees. Arguing that emergency relief programmes often neglect their immediate vulnerability as well as their longer-term needs, the UN Development Fund for Women (UNIFEM) has launched the African Women in Crisis Umbrella Programme (AFWIC). Operational since mid-1993 from headquarters in Nairobi, AFWIC stresses that action to promote economic recovery must accompany emergency relief operations from the outset in order to "minimize dependency and ensure sustainability," says senior manager Laketch Dirasse.

AFWIC aims to support quick responses and immediate assistance to women in crisis throughout Africa and to "place African women at the centre of the search for solutions." It emphasizes that women must be viewed "as both crucial resources and full participants in all efforts to alleviate crisis situations in Africa."

Working with other UN agencies, government and non-governmental organizations and the private sector, AFWIC is promoting refugee women's economic independence in host countries by building on skills and knowledge they already have and which are vital for active participation in rebuilding family life and generating income. In Côte d'Ivoire and Ghana, for example, Liberian women have learned skills, including surveying and construction, that are immediately useful but will also be vital for rebuilding Liberia. Women in host countries, whose already disadvantaged situation is often affected by the refugee influx, have also been included in the projects. This strategy for self-reliance is attractive to most donor countries, Ms. Dirasse adds, "as it will reduce the cost to them and better prepare the refugees for return to their home countries."

UNU Isaac

Refugee women and children are at the centre of UNIFEM scheme

With emergency needs growing in Africa while such agencies as the World Food Programme and the UN High Commissioner for Refugees face budget cuts and food shortfalls, AFWIC notes that women and children are more vulnerable to nutritional deficiencies. Other critical needs include gynaecological health care and counselling for displaced and refugee women, who are often subject to rape and sexual abuse, pregnancy complications and poor sanitary conditions.

In several countries, including Guinea, Mozambique, Malawi and Zimbabwe, the programme has provided skills training, health education, mental health counselling and income generation among refugee women. ■

UN Convention to help African drylands

By Tim Wall

Africa will have priority in the mandatory international agreement to combat desertification that was reached in Paris on 18 June. But while African non-governmental organizations (NGOs) gain a greater participatory role, Africa has failed to secure donor commitment to new and additional anti-desertification funding. Still, there are hopes that some donor countries will come ready to announce their contributions when the agreement is signed in Paris on 14-15 October, said Mr. Hama Arba Diallo, Executive Secretary of the Intergovernmental Negotiating Committee on Desertification (INCD).

This UN Convention sets a framework for national, sub-regional and regional programmes to counter the degradation of all drylands, the process termed desertification. Under its terms, affected countries will make anti-desertification programmes a priority, while donors will mobilize "substantial financial resources" and facilitate access to know-how and technology, particularly for Africa.

Role for NGOs

The Convention endorses a "bottom-up" approach that gives African NGOs a role in designing and implementing national programmes, as well as oversight of national anti-desertification funds. Some 60 NGO representatives, mostly African, lobbied actively during the two-week negotiations, and on 17 June announced the formation of an International NGO Network on Desertification.

In the run-up to the UN's 1992 Earth Summit in Rio de Janeiro, which set the mandate to negotiate an international convention, Africans had concluded that "the only thing Africa can gain from Rio is a desertification convention, because the major problem for African development linked to the environment is desertification," says Mr. René Valéry Mongbe, an INCD vice-chairman and Benin's UN ambassador.

Sixty-six per cent of Africa is dryland, according to the UN Environment Programme (UNEP) and 73 per cent of its agricultural drylands are classified as degraded. But desertification is also an accelerating global problem that affects 25 per cent of the world's land area and threatens the livelihood of 900 million people in 100 countries.

Negotiations on finance dominated the fifth and final meeting of the INCD on 6-17 June, which continued overnight until an 8:30 a.m. conclusion on 18 June. Donors pledged only to "mobilize substantial financial resources" instead of the "new and additional" funding they had agreed to in Agenda 21, the Earth Summit action programme.

Similarly, the Convention urges due attention to issues of trade, marketing and debt, without imposing any specific obligations on donors. Developing countries managed to insert a reference to the possibility of converting debt into funding for anti-desertification programmes.

While setting up a "Global Mechanism" to locate and coordinate funding, the Convention also urges the Global Environment Facility (GEF) to increase support for anti-desertification projects. The Earth Summit designated the GEF as the main funding channel for global projects aimed at protecting the ozone layer, protecting international waterways, preventing climate change and preserving biodiversity.

Anti-desertification projects will qualify for GEF funding from three of the four areas, says Mr. Diallo. Preservation of freshwater lakes and rivers bordering on two or more countries would qualify as international waterways; re-vegetation of drylands helps prevent global warming by absorbing carbon dioxide; and protection of drylands reduces the risk that species will become extinct.

But GEF funding only covers "agreed incremental costs," namely, reimbursement for segments of projects which provide global benefits in one or more of the four areas. This is already a significant hurdle, say GEF staff who also point to total funding for the new facility of only $2 bn.

Urgent action for Africa

The Convention will enter into force when ratified by the legislatures of 50 countries, a process that could take up to two years. The June negotiating session stipulated "urgent action for Africa" in the interim, mainly through a strengthened partnership between African and donor countries. One year after ratification, a Conference of the Parties will be set up to oversee implementation.

It should be possible by mid-1997 to evaluate the use of existing mechanisms "and if additional mechanisms are needed," says Mr. Diallo. Earlier, Swedish Ambassador Bo Kjellen, the INCD chairman, said that additional funding was only a medium-term prospect: "Development cooperation has come to a critical point," he told *Africa Recovery* in May; "If we can show progress in halting the spread of drylands perhaps more funding will be forthcoming."

But African delegates to the INCD also point to an unevenness in the attitudes of donor countries, with some playing a more helpful role in negotiations than others. ■

World Bank official heads Environment Facility

Egypt's Mr. Mohamed El-Ashry, Chairman of the Global Environment Facility (GEF) during its 1991-94 pilot phase, was appointed its first Chief Executive Officer and Chairman at the GEF's 12-13 July inaugural Governing Council session in Washington. In March, GEF members finally reached agreement on the institutional restructuring and financial replenishment of the $2 bn facility, following disagreements between donor and recipient countries on the voting structure of the new body. Mr. El-Ashry, the World Bank's Director of Environment since June 1991 and Chief Environmental Adviser to its President, was Senior Environmental Adviser to the UN Development Programme and was formerly at the Washington-based World Resources Institute, founded and previously headed by UNDP Administrator Gustave Speth.

GEF

Mr. Mohamed El-Ashry

Bank moves slowly on poverty reduction

The World Bank is facing difficulties in implementing its multi-frontal attack on poverty — and in measuring progress on the ground, judging by its first review of the new poverty-reduction strategy it launched last year. *Poverty Reduction and the World Bank: Progress in 1993* reports an increase in projects and sectoral lending directly geared to raising living standards, and a greater focus on poverty in the Bank's country assistance strategies and its dialogue with governments.

However, in an admission that does little to allay concerns over the continuing spread of poverty in Africa — even in countries where the Bank claims adjustment is working — the report concedes that most of its published country poverty assessments "did not sufficiently analyze the impact of specific macroeconomic and sectoral policies on the poor." It adds that the Bank made fewer adjustment loans with provisions to reduce poverty in fiscal 1993.

UN/B Wo

Despite poverty reduction being a priority, the Bank has found on-the-ground progress hard to achieve.

The implications of such omissions are clear in the Bank's poverty assessment summary for Gambia, which has been undergoing adjustment since 1984. Although economic growth has averaged about 4 per cent a year since 1988, "substantial inroads" have yet to be made into Gambia's "existing low living standards," it says.

The Bank completed 10 country poverty assessments last year — including seven for sub-Saharan Africa — for Ghana, Gambia, Mali, Namibia, Sierra Leone, Ethiopia and Uganda. All but the latter two of the assessments — which are intended to profile poverty and feed into dialogue with governments and country poverty reduction strategies — failed to analyze the impact of macroeconomic and sector policies on the poor.

And only a quarter of the Bank's country assistance strategy statements addressed such issues, although they are designed to explain how the Bank's macroeconomic and sectoral objectives, poverty reduction efforts and lending programmes are linked at country level.

The report attributes the lack of analysis in part to inadequate household data, and being forced to rely on piecemeal and non-standard information sources. For example, the assessment for Gambia used household survey data, while that for Mali was based on employment, health and demographic surveys.

Yet, available data could also be better used, says the report. It credits the Uganda and Ethiopia assessments for focusing on pricing and regulatory policies which inhibit job-creating growth, and on the impact of such policies on specific groups of the poor. However, beyond pointing out that data and collection is improving in newer assessments, the report does not dwell on analytic shortcomings.

Nor does it explain the sharp fall in poverty-focused adjustment lending from 18 loans in 1992 to six in fiscal 1993. The general drop in adjustment packages from 32 loans to 17 would account for some of the decline. But the report provides few clues to other possible causes such as unsuccessful negotiations to include poverty-focused components, or policy changes made by governments prior to loan negotiations which obviated the need for poverty-related conditionality.

Poverty profiles

The report appears clearer in such areas as project design and targeted sectoral lending. The number of 'poverty targeted' projects, where the proportion of poor beneficiaries significantly exceeds the percentage of poor in the whole country, advanced from 58 in 1992 to 73 in 1993, it says.

Some 25 were located in Africa, and included labour-intensive public works programmes, rural small-holder production schemes and research into nutritional intake.

Average annual lending to sectors critical for poverty alleviation continued to rise during 1991-1993. Although the report provides no systematic breakdown of sectoral spending by region, other Bank data show that funding for education, family planning, health and nutrition in sub-Saharan Africa averaged $583 mn over 1991-93 — well over double the 1987-89 average of $201 mn. Just as important, their share in the Bank's concessional lending to the region almost doubled to 20 per cent.

But funding for sub-Saharan agriculture declined over the period, together with agriculture's share of total lending to the region which fell to 17.4 per cent from 31.6 per cent. This was due to recategorization of some rural investments in other sectors, and a shift in focus away from large integrated rural development projects towards lower cost operations such as natural resource management and women's farming projects, the report says.

Generally, most lending in the human resources sector appears to have been directed at the most needy groups: funding for basic education — which includes primary and pre-primary education, and adult literacy — accounted for almost half of all Bank lending to the sector during the period. That for primary health care — which emphasizes women and children and the poor in rural areas — accounted for the bulk of landing to the family planning, health and nutrition sector. However, judging by the poverty assessment summaries, governments still need to be persuaded to follow suit. ■

Bank must push for change: Jaycox

The World Bank's Vice President for Africa, Mr. Edward Jaycox, spoke candidly with Ernest Harsch, editor-in-chief of African Farmer, a quarterly magazine of the New York-based Hunger Project. Excerpts from that interview follow.

***Ernest Harsch**: The World Bank in recent years has been talking about poverty eradication as one of its central objectives. But its recent report,* Adjustment in Africa, *makes very little attempt to assess the impact of structural adjustment programmes on poverty. So where is the concern about poverty?*

Edward Jaycox: In our view, adjustment is a *sine qua non* for alleviating poverty, because without adjustment we can't get growth, and without growth we cannot expect to have any positive impact on poverty, given that [Africa's] population is growing over 3 per cent a year.

***EH:** Many non-governmental organizations (NGOs) and UN agencies like UNICEF believe that certain aspects of adjustment have exacerbated poverty in Africa.*

EJ: I think they are mistaken. It is true that poverty has deepened, but in the countries that have really pursued adjustment, this is not so. Among the 47 [sub-Saharan African] countries, there are several which have pursued structural adjustment and done fairly well at it. They have managed, I think, to reduce poverty, though maybe not enough to write home about.

There is a trade-off. Some people are worse off in the cities. Ending food subsidies in the cities means that farmers get paid for their produce for a change. Most people, and most of the poor, are in the rural areas, producing food and export crops. So a devaluation and an increase in producer prices ... has very positive effects on the rural versus urban terms of trade, and increases incomes in the rural areas very substantially ...

We only lend about 20 per cent of our total lendable resources to Africa for structural adjustment. Eighty per cent goes for projects, investment in infrastructure in production ... Structural adjustment is on top of a growing attention to long-term development issues.

... We are dealing with governments that have definite blind spots and biases ... When a government is interested in alleviating poverty, we're much more effective. Now how many African governments put a top priority on alleviating poverty? I can't even think of three. When has the military given up its toys? When has a diplomatic mission been closed in the interests of poverty alleviation? When has the role of women been enhanced in any of these countries, without outside interference?

Let's not get the idea that the World Bank is interested in a paradigm of development which is more conservative than the governments. Not in any case is it so. We're promoting girls' education. We're promoting family planning. We're promoting AIDS prevention — some of these countries are denying the existence of this problem ... Do you think we should have more conditionality, or less?

We don't impose a lot of conditionality. What we do is provide the ammunition and support for the tiny minority that starts a reform process.

Edward Jaycox

***EH:** Less.*

EJ: Then we'd be looking more and more like the governments. Our programmes would look more and more like the priorities that African governments actually have. Conditionality is what makes them a little different. How do you get girls educated in the Sahel, except through conditionality? ...

***EH:** Last year you made a very forceful speech stressing the importance of building African capacities to manage their own economies. Doesn't an increase in conditionality shift decision-making from Africa?*

EJ: ... There is a dilemma here. We're under tremendous pressure from our stockholders, from the development community, from the NGOs ... to impose conditionality. At the same time ... we don't impose a lot of conditionality. In a reform situation, you typically do not have a consensus at the beginning. It's always a tiny minority that starts a reform process. So what we do is basically provide the ammunition and support for that tiny minority. Now this could be seen as interference or as major assistance to somebody who wants to run the country in a new way. I always think of it as the latter ...

When it comes to NGOs, they clearly want these changes, but then they criticize us for conditionality ...

***EH:** A 1993 World Bank study on agriculture in Africa says that earlier adjustment programmes didn't emphasize investment enough. Does investment now figure more in design of programmes?*

EJ: We're trying to do that. The level of investment is hampered by the need to stabilize the economy ... Then the issue becomes the quality of investment. In the past, investment quality has been so poor in most parts of Africa that we've not been able to get the returns. One thing that has been achieved is a substantial improvement in the quality of investment, a tremendous emphasis on maintenance ...

We try to ensure that the cuts are taken in non-development expenditures, and leave the budgets intact for health, education, maintenance of infrastructure, agricultural research and extension services ...

***EH:** Does the pronounced move in recent years towards more democratic, pluralist societies in Africa make the economic reform easier or harder?*

EJ: I don't know. We're in early days. I know we'll have to do business differently. I've always felt kind of constrained by these non-democratic governments. They were really not informing their populations about what the deal is ... what sacrifices have to be made ... They didn't have any reason to include the people. That's changing.

Similarly, I don't think we can make these deals in the old way, in the back room, with a series of agreements that don't get published. I think it would be prudent, in the circumstances, to insist on public education as part of the lead-up to a major reform effort. ■

Donors wary of African diversification fund

By Christina Katsouris

- ***Agreement on need to widen Africa's export base***
- ***UN outlines fund's role***
- ***Donors dislike separate fund, question cash needs***

African negotiators are braced for a further round of talks with donors on the UN's proposed $50-$75 mn facility to promote commodity diversification in Africa.

At the talks, expected to be held during the UN General Assembly; which gets underway on 20 September, negotiators from Africa, creditor countries, UN agencies, the World Bank and others will try to iron out their differences over the facility's jurisdiction, functions and costs. If they succeed in forging a common position, a draft resolution will go to the UN General Assembly before its December conclusion.

But it will not be easy to secure a consensus. Creditors remain reluctant to come up with anywhere near the amount of funding proposed by UN Secretary-General Boutros Boutros-Ghali in a report to last year's General Assembly. African delegates view the funding issue as fundamental. Already disappointed with the general lack of new and concrete proposals for Africa in the UN's New Agenda for the Development of Africa (UN-NADAF), they and the developing countries' Group of 77 see the facility as a test case of donor commitment to Africa in the 1990s.

It the talks fail, said one delegate, then UN-NADAF will suffer the same ill-fortune as its predecessor, the UN Programme of Action for African Economic Recovery and Development (UNPAAERD), "and everything will be reduced to a mere talking shop."

Donors dispute fund's role

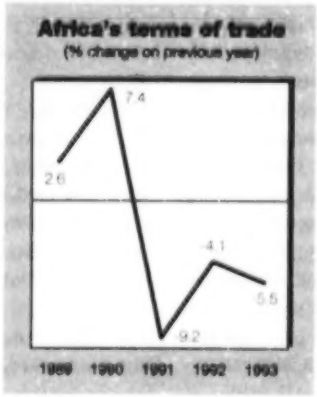
For some donors, the issue goes beyond money to disagreement with the basic thrust of the proposal for a new, separate facility for Africa. Even among those donors prepared to accept a new facility, there is disagreement on what its structure and functions should be.

The situation has been further complicated by differences over where any new facility would be located. African governments and the Secretary-General have always favoured the African Development Bank (ADB) in Abidjan. However, some creditors, still locked in dispute with the ADB's African directors since the annual meetings in May, have recently indicated reluctance to entrust the facility to ADB management (see page 13).

The proposal for a diversification fund was first put to donors during the 1991 UN-NADAF negotiations. A September 1993 Secretary-General's report discussed the feasibility in greater detail, and after the broad consultations agreed on by the General Assembly last December, the proposal was streamlined in an April 1994 report by Mr. Boutros-Ghali.

It calls for a facility dedicated exclusively to guiding and funding new project ideas for African commodity diversification for an initial period of three or four years. Financing operations would focus on the early stages of project development, identifying market opportunities, preparing feasibility studies and making proposals that can attract financing.

The core operation, run by a small secretariat at the ADB in Abidjan, would serve as an information centre and conduit for exchanging data, research and experiences. As well as facilitating the early stages of a project, current proposals also envisage a role for the facility in finding finance for the later stages of projects.



Source: ECA

The secretariat would work in tandem with national diversification councils to be set up in each country. Composed of representatives from government and private sector, the councils would generate new ideas, assess the economic and technical viability of proposals and identify projects suitable for further development.

While all sides seem to agree that Africa must expand its narrow commodity export base — particularly with the continued downtrend in the continent's terms of trade (see graph) — they differ on how this can best be achieved. African governments and the UN stress that existing agencies cater either for African projects generally or the global commodity sector, and also concentrate on implementation. This, they argue, justifies setting up an entity that focuses on pre-implementation finance for diversification projects.

The International Monetary Fund (IMF) and World Bank argue that much funding is already available through the International Finance Corporation, the Multilateral Investment Guarantee Agency and the ADB, and that their services could be more effectively used. But both concede that Africa's small and medium-sized entrepreneurs may have been bypassed by existing arrangements. On this basis, and with reservations, they endorse a small diversification facility.

Both the Bank and IMF propose a passive role for the facility, its activities "responding almost exclusively to private sector demand," and it should not have authority to initiate studies or surveys on its own, they add.

The UN Economic Commission for Africa endorses national diversification councils and their proposed roles, calling for their work to be complemented by subregional diversification councils for promoting multi-country projects. The UN Conference on Trade and Development (UNCTAD) adds that the councils should foster partnership and dialogue between governments and local business, an area in which African countries "lag significantly."

However, UNCTAD says the councils should not have the power to decide on specific projects in case "they end up as vehicles of certain interest groups and push for governmental protection of new industries," a point vigorously endorsed by the Bank and IMF, which argue that their jurisdiction should be largely limited to information exchange. The Fund also cautions against "the risk of uncontrolled growth and expanding power in such mechanisms," insisting that "if such councils

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Faster growth but no economic turnround

By Roy Laishley

Africa's 20-year decline in per capita incomes is set to continue for most countries despite consensus from forecasters on faster growth this year and, says the World Bank, for the rest of the decade. The latest predictions from multilateral institutions suggest growth for 1994 of 2.0-3.4 per cent, against annual population growth of some 3 per cent. In its relatively bullish forecast, the International Monetary Fund (IMF) predicts growth rising to 4.5 per cent in 1995. All reviews, however, agree on Africa's "precarious and disturbing" economic situation, the conclusion drawn by Mr. Layashi Yaker, Executive Secretary of the UN's Economic Commission for Africa (ECA), in a 1994 review of African economies.

The higher growth projections hinge mainly on an upturn in commodity prices. But having reached their lowest levels ever in real terms in 1993, the roughly 5 per cent improvement in prices being predicted will not be sufficient to stimulate the growth needed to significantly improve living conditions for most Africans.

"The prognosis for overall growth in [the sub-Saharan African] region is sobering... income per capita and, more important, private consumption per capita are unlikely to see much increase for a third decade in a row," says the World Bank's *Global Economic Prospects and the Developing Countries*. Its prediction of average 3.9 per cent growth over the next decade is higher than earlier forecasts, but is still well short of the 5 per cent plus needed to reverse the fall in incomes. If the fate of earlier forecasts is repeated, the Bank's low-growth estimate of 2.4 per cent will prove more realistic and incomes will continue to decline.

GROWTH

Last year was another disaster for Africa, with overall growth just 1-1.5 per cent. Since 1990, African economies have grown an average 1.3 per cent which, the ECA says, means a yearly fall in per capita income of 1.7 per cent.

However, experience was diverse. Oil exporters recorded their lowest growth since 1988, reports the UN's *World Economic and Social Survey 1994*. Central African countries suffered most, with gross domestic product (GDP) down 4.6 per cent. East African countries fared best, though 2.6 per cent growth was still below the rate of population increase.

Encouragingly, says the ECA, 11 countries (up from seven in 1992) enjoyed growth of 5 per cent or more. This covered some 20 per cent of Africa's population. GDP failed to match population growth in 30 out of 51 countries in 1993, four less than in 1992. But countries averaging growth of 5 per cent or more since the mid-1980s cover under 3 per cent of Africa's population.

Africa's growth estimates
% annual change
(Figures in brackets represent earlier projections)

	1993	1994
ECA[1]	1.0 (3.0)	2.0-2.5
ADB[2]	1.4 (2.5-3.0)	2.5
IMF[3]	1.1 (1.7*)	3.4
World Bank[4]	n.a	3.9 (3.7)**
UN[5]	1.8	2.5

* October 1993 projection (May 1993: 2.7%). Excludes Egypt and Libya (includes South Africa)
** Sub-Saharan Africa, average annual growth 1994-2003 (figure in brackets for 1992-2002)

Sources: 1. UN ECA *Economic Report on Africa 1994*. 2. African Development Bank, *Africa Development Report 1994*. 3. IMF, *World Economic Outlook*. 4. World Bank, *Global Economic Prospects and the Developing Countries 1994*. 5. UN, *World Economic and Social Survey 1994*

Ethiopia exemplifies how misleading the figures on Africa can be. Estimated 1993 GDP growth of 9.3 per cent says more about the economy's rebound from earlier devastation than about current living standards. This year the country is facing the worst famine since 1984.

According to the IMF's *World Economic Outlook*, North African economies should experience a stronger performance in 1994. And for South Africa, most forecasts expect progress from around 1 per cent in 1993 to some 3 per cent in 1994. Unlike the ECA, which points more cautiously to the short-term costs of the CFA franc devaluation in January, the IMF predicts a turnround in franc zone economies, with the exception of Cameroon, followed by strong growth in 1995.

TRADE

A surge in the price of most commodities in the first half of 1994 has reinforced hopes of a general upturn in growth for Africa this year. A strong showing by oil prices in the second quarter could mean a better-than-forecast performance by oil exporters. After six years of watching prices decline to their lowest levels ever, cocoa and coffee producers could enjoy a 25 and 50 per cent increase in prices respectively between 1993 and 2000. Only copper, iron ore, oil, tea and tobacco out of Africa's major exports face a downturn in real terms in 1994, says the World Bank. And to date, both copper and oil are defying that trend.

With better prospects for commodities, the UN is predicting positive terms of trade for African economies in 1994, a 2.5 per cent improvement, for the first time since 1990. In 1993, Africa's terms of trade fell between 3.5 and 5.5 per cent, causing a loss of at least $3 bn. Export earnings were stagnant at $74.3 bn, while imports rose only marginally to $75.9 bn, according to the ECA.

FINANCE

Private financial flows are booming everywhere but Africa, the UN reports in its 1994 *World Economic and Social Survey*. Private outflows from Africa rose to over $61 bn in 1993 from $53.5 bn in 1992 as capital flight continued and foreign investors stayed away.

Official transfers rose to close to $82 bn, up a relatively healthy 11 per cent. But there is a "considerable risk" of lower net resource flows to Africa, the World Bank warns, as donor cutbacks and competing claims dig into Africa's share of the aid pie. The UN reports that net transfers of financial resources to Africa were still negative, but at $200 mn, represented the smallest outflow since the negative trend began in 1990. For sub-Saharan Africa (excluding Nigeria and South Africa), net transfers were down, at $8.6 bn from $9.8 bn in 1992, but still positive and still up on late-1980s levels.

The ECA and the African Development Bank estimate that Africa's stock of debt rose to $285.4 bn in 1993, from $278.8 bn in 1992, equivalent to almost 96 per cent of GDP. For sub-Saharan Africa, the debt burden rose to over 123 per cent of GDP (113.9 per cent in 1992). Debt-service, however, declined to the equivalent of 24.4 per cent of African export earnings (from 26.3 per cent in 1992). Sub-Saharan Africa's ratio fell dramatically to 13.2 per cent from 18.8 per cent, says the ECA. But this reflects a growing inability to pay rather than the success of debt relief efforts, which continue to be inadequate, all reviews note. ■

Mounting problem of multilateral debt

The multilateral debt of developing countries is growing so large that many countries could soon cease servicing it, risking a possible crisis in the multilateral lending system, argues economist Percy Mistry in a new pamphlet: *Multilateral Debt: An Emerging Crisis?*

Mr. Mistry discusses a range of remedies to ease the strains, including relaxation of the rules which exempt International Financial Institutions (IFIs) from debt rescheduling and cancellation. Among the few politically viable options, Mr. Mistry suggests, are expanding existing World Bank relief schemes, the establishment of such mechanisms at the International Monetary Fund (IMF) and a restructuring of operations at the African Development Bank (ADB). More contentiously, he suggests the eventual scrapping of the IMF's development financing role.

Multilateral debt up fourfold

For low income sub-Saharan Africa (excluding Nigeria) multilateral debt has more than quadrupled since 1980 to reach $44bn in 1992 more than a quarter of total debt of $163bn. While greater concessional funding through the World Bank's soft lending arm, International Development Association (IDA), has constrained the pace of growth in debt service, this burden, at 26 per cent of total servicing obligations, remains heavier than for developing countries as a whole.

Mr. Mistry uses two alarm signals to identify countries under the most pressure: countries where multilateral debt service exceeds 40 per cent of actual debt service; and those where it exceeds 20 per cent of export earnings. Eighteen countries fell into the first group in 1991. According to Bank data, in 1992, Equatorial Guinea and Sudan allocated more than 90 per cent of actual debt service to multilaterals, while Benin, Sierra Leone and Uganda paid more than 80 per cent. The burden was more than 70 per cent for Mauritania, Togo, Zaire and Zambia, and over 60 per cent for Burkina Faso, Cape Verde, Madagascar and Mozambique.

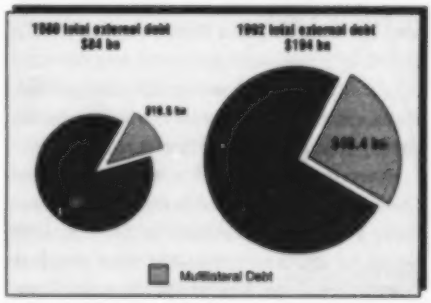
Six sub-Saharan countries paid more than 20 per cent of export earnings to service multilateral debt in 1991, and a further 20 paid more than 10 per cent. The following year those paying more than 20 per cent included Guinea Bissau (60 per cent) Uganda (35 per cent), Burundi (28 per cent) and Zambia (23 per cent).

According to Mr. Mistry, 'hard' (quasi-commercial) World Bank debt accounted for 49 per cent of low-income countries servicing to multilaterals in 1992, while the IMF accounted for 13 per cent. The ADB accounted for 15 per cent, and IDA for 7 per cent. For middle-income countries, the Bank and IMF accounted for 46 per cent and 27 per cent respectively.

Arrears on multilateral debt have generally been mounting since the mid-1980s. Some, as in Liberia and Somalia, reflect civil wars. But others, such as Congo, could have paid the small amounts involved, Mr. Mistry argues. Conversely, some of the worst burdened countries like Uganda, have stayed current on multilateral obligations, although often only through the help of bilateral creditors.

Bilateral creditors will have to come increasingly to the rescue unless bold and imaginative solutions are found, Mr. Mistry says. Options are limited by multilaterals' insistence that they can do nothing which would compromise their credit standing, and hence their ability to raise relatively low-cost funds for on-lending. Institutional interests would also appear to rule out any collective approaches to multilateral debt relief.

Sub-Saharan multilateral debt



Source: World Bank

Adopting a disaggregated approach, he calls on the World Bank to expand its "fifth dimension" facility to cover low-income countries' principal repayments on 'hard' Bank loans. The current facility uses repayments on IDA credits to cover only the interest payments on such obligations incurred when these countries were eligible to borrow on harder terms.

The extra funding this would entail could come from a "one-off, up-front, formal refinancing" using some of the Bank's ample reserves, Mr. Mistry argues. He also adds a more controversial option of "deploying resources" designated for better off countries such as China, if the political obstacles could be overcome.

There is some donor support for a similar "fifth-dimension" facility at the ADB. However, this may not be possible, Mr. Mistry argues, because of the institution's worse financial position. His solution, a financial restructuring of the institution's resource base, however, depends on a much larger seventh replenishment for the ADB's soft loan arm, the African Development Fund, which donors are resisting (see page 13).

Reforming the IMF

Mr. Mistry does suggest establishing the equivalent of a "fifth- dimension" facility at the IMF funded by gold sales or a special issue of the Fund's Special Drawing Rights (SDR), and giving more general access to Fund resources under the new enhanced structural adjustment facility (ESAF II). The facility would be funded by a larger replenishment at least $8bn than the SDR 6.5bn currently committed to ESAF II.

He also calls on the IMF to provide relief for countries undergoing Rights Accumulation Programmes (RAPs). Under RAPs which enable countries in arrears to earn rights to future IMF disbursements through sustained reforms countries still have to pay interest. This should be waived during RAP implementation, or alternatively capitalized and subsequently repaid on ESAF terms. Mr. Mistry also proposes suspending current debt service to the IMF during implementation because the strain of servicing such obligations at a time when no new IMF funds are coming in is proving intolerable for some countries.

Eventually, Mr. Mistry argues, the IMF should scrap its concessional facilities altogether. Instead, it should reduce its role to monitoring and approving monetary, fiscal and external sector policies, and to providing quick liquidity and longer term contingency finance to offset sudden external shocks. ■

ADB lending shrinks as disputes continue

By Patrick Smith

- ***Lending falls 16 per cent***
- ***ADF has nothing to lend***
- ***Donors demand better reform***
- ***Top credit rating confirmed***

Africa's shrinking access to international finance looks set for further contraction and conditionality following a stormy African Development Bank (ADB) annual meeting in Nairobi in May. Shareholders, bogged down in extended disagreements over non-African members' pressures to restrict quasi-commercial "hard" lending by the ADB to richer countries and to tighten allegedly lax management practices, postponed critical negotiations on replenishing the African Development Fund (ADF), the ADB's concessional arm. Although the steering committee of the ADB's Board of Governors was scheduled to meet again in mid-September, issues are unlikely to be fully resolved before the end of 1994.

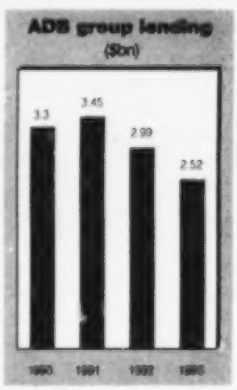
The delays doom the ADF, which has allocated no funds since January, to over a year of inactivity and deal a devastating blow to countries reliant on its funds. The problems could be compounded by a replenishment even smaller than expected: donors have signalled that they would provide only $2.5 bn. This not only falls far short of the $4 bn for which African governments have been hoping, but is also considerably less than the $3.4 bn available under the sixth ADF replenishment, when the number of eligible countries was lower, African governors pointed out at a specially convened meeting in Abidjan in July.

Donors offer less cash

Donors have also hinted that even this smaller amount would be made conditional on acceptance of their new proposals on lending practices. Concerned over what they perceive as a further deterioration in the ADB's financial performance, including a 30 per cent decline in 1993 net income and a 50 per cent increase in arrears to $725 mn, non-regionals want the ADB management to tighten financial operations. They want the current lending policy, which bases credit decisions on projects' forecast repayment capacity, abandoned in favour of country-risk based criteria similar to those employed at other development banks. This would bar countries with a gross national product per capita below $543 a year from borrowing from the ADB's hard-lending window.

Donors have backed their demands with a flexing of financial muscle. "There are two sides. Those who want categories of borrowers and those who don't. It so happens that those who want categories bring with them $2.5 bn in concessionary finance," one non-regional governor told the May meeting of the steering committee. A month later, in a letter to ADB President Babacar Ndiaye, UK Overseas Development Minister Lynda Chalker wrote: "I can offer no guarantee that [funds at my disposal] will continue into the future unless the changes we described at Nairobi are introduced."

African shareholders, however, have continued to strongly object to the donors' solution to ADB's problems. The new proposals, they point out, would effectively exclude two thirds of the continent from ADB borrowing. Regionals and the ADB's management instead favour keeping the option of ADB borrowing open to all countries, while intensifying the policy, underway since 1992, of tightening lending through more rigorous project evaluation and provisioning rules. Even this strategy is only acceptable, African governors argue, if accompanied by a substantial ADF replenishment to compensate countries for loss of ADB funds.



Source: ADB

The ADB's current reforms have already had an impact on the pace of lending. Group lending fell by almost 16 per cent to $2.52 bn in 1993, with ADB commitments of $1.6 bn and ADF lending of $991.7 mn, nearly 20 per cent down on 1992.

Donors, however, continue to favour a simple cut-off rule, in part because of considerable doubts over the Bank's ability to implement the more sophisticated strategy advocated by African members. A highly critical report in April by former World Bank Vice President David Knox, criticized the quality of ADB management and lending policy, implicitly questioning its ability to implement such reforms effectively. The report's exposure of inadequate project monitoring cast doubts over the quality and consistency of current procedures for assessing projects' repayment capacity. Critics also charge that the ADB management was unwise to rapidly expand lending between 1987-92 when Africa's debt problems were clearly intensifying.

Supporters argue that the management has proved decisive in the face of difficult challenges. Recalling the fact that it was the ADB itself which commissioned the Knox report, they cite management's swift response to it, including a 32-point action plan within three weeks of receiving the report.

ADB's arrears problem also appears to be coming under relative control since the management introduced tougher provisioning rules in January, partially in response to prodding from non-regional shareholders. The measures, which suspend new credit signings and disbursements on existing loans when arrears exceed 30 days, and which are supported by an agreement by the International Monetary Fund to stop lending to countries in arrears to the ADB, prompted Côte d'Ivoire, Gabon, Kenya and Nigeria to settle their overdues in January. Cameroon has also cleared its arrears with Congo expected to follow suit, President Ndiaye said in August.

Much of the fall in the ADB's net income in 1993 can be attributed to the new provisioning policy which increased the amount deducted from income to cover the bank against bad loans. "Very conservative provisioning policies have made the difference and the financial community will be reassured by that," says Nicholas Cranston, assistant director of London-based investment bank Baring Brothers.

Reinforcement for the management's strategy has come from the toughest of quarters, with a reconfirmation by US credit agencies of the ADB's top rating. The triple-A classification has been key to the ADB's ability to raise funds on the capital markets on the finest terms

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OAU stresses peace and development

By Amma Ogan

A record 43 African leaders attended the 13-15 June 30th summit of the Organization of African Unity (OAU) in Tunis, to triumphantly welcome the formal entry of South Africa -- appointing President Nelson Mandela second vice-chairman of the body—and dissolve the OAU's Liberation Committee. But the natural demise for one of the organization's most prominent committees, mission accomplished, stood in stark contrast to the continent's deepening and vicious cycle of economic, political and social instability.

Several leaders described the Tunis summit as marking a transition from political to economic struggles, and UN Secretary-General Boutros Boutros-Ghali noted the need for simultaneous and continuing action even as the OAU and the UN intensified their collaboration in these interlinked areas. He stressed that while sustainable development was impossible without peace, there could also not be genuine peace without development.

If last year's OAU summit in Cairo underlined the need for "new institutional dynamism," the Tunis summit highlighted the grim realization that Africa's salvation must come from within and cover all fronts. "There is no use continuing to blame the international community for the delay registered by Africa in all domains of development...It is now time for Africa to put the accent on programmes of concrete, realiable action in the interest of its peoples," OAU Secretary-General Salim Salim had earlier told African foreign ministers.

Broad range of concerns

Demonstrating the breadth of concerns, African leaders adopted resolutions for action on issues ranging from AIDS and Africa's children to assessing the impact of the Uruguay Round and the continent's role in the new World Trade Organization (WTO). Stressing that the new world market that would emerge under the WTO "will not be compassionate toward the weak," Tunisia's

Conflict-resolution efforts hampered by lack of resources

By Jennifer Parmelee

The crisis in Rwanda and Africa's efforts to manage its internal conflicts dominated the agenda of the Tunis summit. The "terrible slaughter of the innocent" in Rwanda was a "stern and severe rebuke" to African leaders, declared President Nelson Mandela, adding that "we have it in ourselves as Africans to change all this. We must, in action, assert our will to do so."

OAU Secretary-General Salim Salim had told a conference of non-governmental organizations in Addis Ababa in March that "there is growing disbelief in Africa's will and capacity to solve its own conflicts...We must prove our capacity. We must summon the collective will we showed in the liberation movement three decades ago to 'wage peace'." Seeking concrete expression for this collective will in Tunis, Mr. Salim appealed for more contributions to the Peace Fund, established last November, to which the OAU has allocated 5 per cent of its annual $30 mn budget. This is a striking commitment given the fact that member-states are $62 mn in arrears to the cash-strapped organization, some of the debts more than five years old. Whilst some OAU members made payments towards their outstanding contributions, South Africa, the 53rd and newest member, promptly paid its assessed dues, and Mr. Mandela was "happy to announce" an additional contribution of 1 million rand ($275,000) to the Peace Fund.

Ghanaian President Kwame Nkrumah proposed in 1963 an African High Command able to respond swiftly to crises in the continent. But the OAU has been hobbled by a lack of resources and organizational capacity. In any event, it has also adhered strictly to the principle of non-intervention in member-states' internal affairs. And while debate continued from one decade to the next, the OAU never mustered a consistently effective approach to crises, whether between states such as Ethiopia and Somalia in the Ogaden, or internal conflicts such as the Nigerian civil war.

"In 1972-73, the Burundi massacres were ignored. The OAU chairman could say nothing," Mr. Salim said. "Now there is a fundamental revision in the way of thinking," he added, pointing to such recent examples as the OAU's active role in Burundi and Rwanda, as well as in Mozambique, Liberia and Congo, all of them internal conflicts. With the establishment in June 1993 of the OAU Mechanism for Conflict Prevention, Management and Resolution, Mr. Salim hopes Africa will break out of its "dependency" on foreign help to resolve conflicts.

OAU negotiators were instrumental in securing the Arusha peace accords between the Rwandan government and the Rwandese Patriotic Front in August 1993. And after the October 1993 wave of killings in Burundi, the OAU dispatched a team of 33 military and civilian observers which, the OAU believes, has provided a "stabilizing" influence. The organization also sent Mr. Mohamed Sahnoun, a former UN Special Representative to Somalia, as its special envoy to Congo where he helped defuse a rapidly developing crisis. This underlined the OAU's stated priority of working for conflict prevention whenever possible.

Underpinning these preventive efforts is the plan to set up an "early warning" system for budding crises, with a country-by-country data bank. This should facilitate the work of the OAU's 14-member Central Organ which, at heads of state level, is roughly comparable in structure to the UN Security Council but has neither permanent members nor the power to enforce its decisions through economic or military sanctions. The current members of the Organ, chaired by Tunisia, are: Benin, Côte d'Ivoire, Egypt, Ethiopia, Ghana, Mauritania, Nigeria, South Africa and Tanzania.

However, says Mr. Christopher Bakwesegha, head of the OAU's Division of Conflict Management, there could be in future provision made for earmarking contingents of perhaps 50 soldiers per country for peace-keeping or peacemaking operations.

But finances and staffing remain a problem, particularly for the expensive logistics component of peace-keeping. This constraint was clearly demonstrated when eight African countries volunteered to send troops to Rwanda, but the transport and other logistics were lacking. Still, some external funding is materializing to help build the OAU's capacity for conflict resolution. The UN Development Programme announced a $3 mn contribution in May (see page 16), and pledges and donations from 14 countries totalled an additional $3 mn by late June. "Ours is an expensive undertaking," says Mr. Bakwesegha. "If we are only talking about the issue of prevention, [these contributions] might be adequate. If we want to add peace-keeping, this is peanuts."

President Zine El Abidine Ben Ali, the current OAU Chairman, urged leaders to carry out the "coordinated, collective work" that would ensure that the continent was not "surprised with more pressures and restrictions that could be applied on us." He commended their commitment to building the African Economic Community (AEC), and the leaders agreed to popularize the treaty at national level among the business, academic and local communities. They also said Mr. Salim, along with the heads of the UN Economic Commission for Africa (ECA) and the African Development Bank, should accelerate preparatory work on the protocols and structures for the community.

Outgoing OAU chairman, Egyptian President Hosni Mubarak was confident that the AEC would "provide a protective umbrella for our interests and a strong guarantee against any effects that could harm our economic conditions if we are not well prepared for it." The decision last year to set up Africa's own import-export bank in Cairo had already given a consolidating impetus to the AEC, he added.

President Mandela similarly insisted that "we must make every effort to rebuild the African economy," and reminded the summit that Africa "continues to be a net exporter of capital and suffers from deteriorating terms of trade." He proposed that subregional economic communities meet periodically with donor countries "so that the definition of a global plan may follow a concerted plan assisted by technical studies of economic issues appropriate for each region."

OAU leaders noted the "resurgence of protectionist trade practices" and voiced concern at the "prospect of a massive erosion" of trade preferences as a result of the Uruguay Round. They mandated Mr. Salim and ECA Executive Secretary Layashi Yaker to continuously monitor and evaluate the impact of the trade agreement, and requested appropriate financial and technical support from the UN Development Programme, the General Agreement on Tariffs and Trade and other institutions.

However, a climate of political and social security and stability was also vital for economic development, President Mubarak declared. He identified political pluralism as the key to solving Africa's problem of maintaining internal stability and national cohesion and said "the time is right for the OAU, with all its agencies, to turn its utmost attention to this issue."

South Africa's pledge

Pointing to the continent's limited ability to mobilize domestic resources, Mr. Mandela urged Africans to "face the matter squarely...that the fault is not in our stars, but in ourselves that we are ill-governed." He pledged that South Africa would contribute to the "common vision of the total emancipation of Africa." Immediately drafted to help mediate in the Angolan and Rwandan conflicts, Mr. Mandela held separate discussions with Presidents Jose Eduardo dos Santos of Angola and Mobutu Sese Seko of Zaire, expressed willingness to meet UNITA leader Jonas Savimbi, and said further discussion was needed on what assistance South Africa would give in Rwanda.

But the escalation of violence in Rwanda, even as the protagonists agreed in Tunis to an OAU-brokered cease-fire, highlighted the practical difficulties of conflict-resolution. Despite the efforts of the UN and OAU, only "the parties to the conflict themselves" would bring peace to Rwanda, said Secretary-General Salim. Mr. Mubarak added that the presence of peace-keeping forces "is not an alternative to a genuine peace among the sons of the nation."

Backing the OAU's thrust for preventive diplomacy and conflict-resolution, African leaders pledged to eradicate the root causes of refugee flows, adopted a code of conduct for inter-African relations, and said they would "scrupulously observe" the principle of non-interference in one another's internal affairs. They said bilateral and continent-wide relations should be "backed by a new package of concrete security measures paving the way for enhanced transparency among all States." It had "become necessary," said OAU leaders, to adopt appropriate national regulations to forestall the use of religious or ethnic issues for any activities that could endanger the stability of any OAU member-state. They also pledged to ensure their countries were not used as sanctuaries, training camps or indoctrination centres for terrorist activities directed at another African country.

Current OAU Chairman President Zine El Abidine Ben Ali of Tunisia welcoming President Nelson Mandela of South Africa, the body's newest member.

Turning to the AIDS epidemic, OAU leaders said it threatened to reverse the gains made by successful primary health care and immunization programmes. They pledged to commit "definite and substantial" budgetary resources to strong prevention and information programmes, focusing on protecting young people from infection with HIV. Noting that young people were especially vulnerable but also represented an opportunity to "eventually break the chain of transmission," leaders stressed that the approach had to be multi-sectoral and multi-disciplinary and pledged to mobilize local, national and international resources to combat the potentially "devastating" impact of AIDS on Africa. ■

Pre-emptive action for African development

UNDP Administrator James Gustave Speth launches new initiatives

Aiming to help mount effective and "pre-emptive responses to potential conflicts," the UN Development Programme (UNDP) will contribute $3 mn for the Peace Fund set up by the Organization of African Unity (OAU) last November. Some $300-$400 mn is still urgently required, and this is "well within the means of the international community," declared UNDP Administrator James Gustave Speth in a major policy speech in New York on 24 May at a meeting held by the African American Institute. Launching a number of initiatives, Mr. Speth called for an end to all arms trading and military aid to Africa within three years, and urged donor countries to support African efforts on sustainable development with higher flows of official development assistance (ODA) and deeper debt relief.

"Whatever the causes of conflict...development is surely the major ingredient of the cure," said Mr Speth, stressing the wisdom of preventive action. Africa remained primarily responsible for its own development, he said, calling for economic reforms which benefit the poor more than the rich, and promote job-creating growth as well as environmental protection. But on current trends, he observed, 50 per cent of sub-Saharan Africans would be living in absolute poverty by 2000. ODA had fallen from a peak of $25.7 bn in 1990 to $24.8 bn in 1992 and international support was further threatened by "aid fatigue, competing domestic priorities, sluggish economies and lack of public understanding" in donor countries. Yet the $30 bn in annual aid flows called for in the UN New Agenda for the Development of Africa (UN-NADAF) represents less than 1 per cent of the gross domestic product of the smallest economy of the Group of Seven states.

Donor countries had already responded to Africa's debt crisis, Mr. Speth said, but deeper debt relief would give "the necessary breathing space" to promote sustainable human development. Scheduled annual debt service was equivalent to some 55 per cent of export earnings. He urged donors to adopt the Trinidad terms that would cancel two-thirds of all official bilateral debt and reschedule the balance over 25 years with a 5-year grace period. UNDP might also propose the idea of Poverty Dividend Accounts through which recipient countries would be required to commit 25 per cent of their debt relief gains to poverty reduction programmes. Such "linking" is a more comprehensive strategy than the current "ad hoc approach," Mr. Speth argued.

While 16 African countries were currently suffering civil conflict, he added, underlying many of these tragic events were the "silent crises of underdevelopment, of chronic and growing poverty, of mounting population pressures and widespread environmental deterioration." Just three days before the plane crash that killed the Presidents of Rwanda and Burundi, the UK non-governmental organization Oxfam reported that over 850,000 people, one-eighth of Rwanda's population, urgently needed food to prevent starvation. Six months earlier, Mr. Speth continued, UNDP had met with Rwanda's main donors and urged them to relax aid conditions to help demilitarization and resettlement programmes. But no agreement was reached and the arms kept flowing in, he observed.

Curbing the arms trade

Accusing arms merchants of affluent nations of compensating for the end of the Cold War by dumping arms into developing countries, Mr. Speth said industrial countries must accept a large part of the blame for this "trade in death." He pointed out that while giving some $60 bn of aid a year, industrial countries also earned roughly $125 bn a year from military spending in the developing world.

"Those states that promote peace, security and development within their borders should be rewarded by the international community with substantially higher levels of assistance," Mr. Speth declared, stressing that Africans are insisting on political liberalism and better governance in their societies. This year alone, 12 more countries were scheduled to hold elections, and many had already begun to take the hard measures to mobilize and efficiently allocate domestic resources.

Turning to the Africa Peace Fund, Mr. Speth noted that the OAU mechanism for conflict resolution established by African Heads of State at their 1993 summit lacked both the resources and the capacity to act on its intentions. He pointed out that donor contributions of up to $400 mn represented only 10 per cent of the $3-4 bn the international community had spent so far on recent conflicts in Africa, and "would get much better mileage."

Mr. Speth concluded with an appeal for the international community to mobilize resources for a donors' conference for South Africa in six months. "In doing so, we not only help South Africa and, particularly, the poor people of that nation, but we also give impetus to the development of a growth pole for the entire African subregion." ■

Speth to assist in new UN development drive

UNDP Administrator James Gustave Speth has been asked by UN Secretary-General Boutros Boutros-Ghali to assist him in strengthening coordination of the UN system's development effort. In a 27 July statement, Mr. Boutros-Ghali said that he had asked Mr. Speth to assist "in ensuring policy coherence and enhancing coordination within the United Nations itself."

Mr. Speth will pay particular attention to coordination among departments at the UN's New York headquarters, the regional commissions and the UN's various funds and programmes. In addition, Mr. Speth will work on helping to improve coordination of the UN's operational activities in the field of development, including strengthening the resident coordinator system, which in the majority of cases is focused on UNDP's Resident Representatives.

Mr. Speth's new responsibilities follow intensive debate within the UN's Economic and Social Council on the need to make the UN more effective in the development area.

UNDP Administrator Speth

UNDP pushes for new vision of security

Human Development Report *focuses on UN Social Development Summit*

With a call for an "action agenda" to achieve global human security through better use of existing resources, the UN Development Programme's (UNDP) 1994 *Human Development Report* proposes that strategies for sustainable human development be the foundation of the UN World Summit on Social Development in Copenhagen next March. Without "people-centred development," none of the key objectives of the Social Summit can be met, "not peace, not human rights, not environmental protection, not reduced population growth, not social integration," says UNDP Administrator James Gustave Speth in the foreword of the report.

The report says current aid flows amounting to some $30-40 bn a year, should be reallocated over the next decade to priority concerns of human development such as basic education, primary health care, safe drinking water and family planning. In what UNDP calls a "20:20 compact," developing countries would commit 20 per cent of their domestic budgets (compared to a current 13 per cent), and donor countries would also allocate 20 per cent of their aid budgets (they currently average 7 per cent) to human priority concerns.

The action agenda also calls for "new patterns of international cooperation" and a World Security Charter as a "new social contract" that would help protect all people from such ills as unemployment, environmental degradation and social disintegration. The report's chief author Mahbub ul Haq stresses the need to move from aid to a comprehensive framework for trade, technology, investment and labour flows "based on mutual self-interest." The consequences of famines, ethnic conflict, social disintegration, terrorism, pollution and drug trafficking are no longer confined within national borders, he observes, but now travel the globe.

The report suggests the creation of a UN Economic Security Council as a decision-making forum "at the highest level" to review and act on threats to sustainable development and global human security. Underpinning this would be a Global Human Security Fund financed by global taxes on such items as pollution emissions, international currency transactions and the "peace dividend." A 3 per cent cut in global military spending would yield $460 bn over the next decade.

Aid for human priorities*

1989/91 country average (%)

Denmark	33.0
Norway	17.9
Switzerland	14.8
Netherlands	13.8
United States	11.3
Australia	10.5
Canada	9.0
Italy	8.5
Finland	7.4
Austria	6.9
United Kingdom	6.8
France	3.6
Japan	3.4
Sweden	2.9
Germany	2.7
15 DAC countries	**7.0**

* Share of aid for basic education, primary health care, safe drinking water, adequate sanitation, family planning and nutrition programmes

Illustrating the need to restructure aid flows, the report cites various "distortions" in the direction of aid. For example, 90 per cent of the $12 bn spent each year on technical assistance goes to foreign experts even though national experts are often available. And the richest 40 per cent of the developing world get twice as much aid per capita as the poorest 40 per cent. Developing countries with the biggest military budgets get an average 2.5 times as much "development aid" per capita as low military spenders.

Donor countries proclaim support for protection of human rights, improved governance and environmental protection, but are "seemingly motivated by an entirely different set of concerns," the report argues. It observes that the nations selling arms to developing countries are the same ones charged with global security, namely the five permanent members of the UN Security Council.

Of the 82 conflicts in the world in the last three years, 79 have been in nations where the factors of socio-economic deprivation and political repression loom large. Stressing the negative role of arms sales, the UNDP report says all military aid should be phased out over three years and other aid made conditional on military budget cuts in recipient nations. A country spending more on its army than on its people "should certainly give donors pause for thought," it says.

The report identifies "early warning indicators" of "Somalia-like" national breakdowns such as low food consumption, high unemployment, human rights violations, ethnic violence, and increased military spending. Countries showing several of these indicators are "probably heading for collapse," says the report, offering actual cases such as Angola, Mozambique, Sudan and Zaire, and potential ones like Algeria and Burundi. "It is far cheaper and far more humane...to address the root causes of human insecurity rather than their consequences," Mr Speth observes. ■

Wide development disparities within nations

The *Human Development Report's* key indicator is the human development index (HDI) which ranks 173 countries by combining life expectancy, education, and basic purchasing power instead of by the dollar value of their goods and services (gross national product; GNP).

As UNDP Administrator James Speth says, "governments must not worship at the altar of GNP. It is the quality of life for people and the quality of the environment in which people live that truly matters." African countries occupy nearly all the lowest of the 173 HDI rankings, while the highest are Mauritius (60th), Libya (79th), Tunisia (81st), Seychelles (83rd) and Botswana (87th). Madagascar, Kenya and Zaire are African examples of countries with an HDI far ahead of GNP, indicating a "more judicious use of their income to improve the capabilities of their people." At the other extreme, Gabon has the biggest gap between its HDI and GNP rankings (114/42) among all developing countries. Other African countries with "considerable potential for translating income into improved well-being for their people" include Angola, Djibouti, Guinea, Namibia and South Africa.

The report stresses the internal disparities by region, group and gender hidden by national HDI rankings. Nigeria's Bendel State, for example has an HDI higher than a progressive country like Sri Lanka, while Borno State's ranking is well below Guinea's, the country with the world's lowest HDI. White South Africans have the 24th highest HDI in the world (just after Spain) while black South Africans are ranked at 123, just above Congo.

Fragile progress on immunization

By Shala Mokgethi

Africa's remarkable gains in immunization since 1980, with coverage up from under 20 per cent to nearly 80 per cent in some countries, remain fragile in the face of economic crisis and civil conflict. Much of the progress has been achieved through the Expanded Programme for Immunization (EPI) supported by UN specialized agencies and bilateral partners. But over one million children still die every year from vaccine-preventable diseases, and only political will can sustain the progress, said UNICEF Executive Director James Grant in a March meeting with Organization of African Unity Secretary-General Salim Salim in Addis Ababa.

Six African countries have reported no case of polio over three years, prompting hopes for a large, polio-free zone by 2000. Other countries have even surpassed the 80 per cent target for child immunization, higher than in some industrialized countries and cities such as New York. But there has also been some regression in the poorest African countries where already deficient health services have been weakened by adjustment policies and debt servicing.

In the 1992 Consensus of Dakar, the OAU, UNICEF and the World Health Organization (WHO) set 10 priority goals for children by 1995. Four of the 10 involve raising immunization against the six vaccine-preventable diseases to at least 80 per cent of all African children; eliminating neonatal tetanus; reducing measles deaths by 95 per cent and measles cases by 90 per cent; and eradicating polio in selected countries and regions. The mid-decade measles targets are likely to be reached in several countries including Namibia and Zimbabwe.

In *The Progress of Nations 1994*, UNICEF stresses that "maintaining a high enough rate of progress to meet the year 2000 goal of 90 per cent coverage, even in the face of increasing difficulty, is essential if immunization is to fulfill its potential for drastically reducing disease and malnutrition among the children of the developing world." It warns that "progress in immunization is not incremental but must begin again from zero with each new generation of infants. Steep falls in coverage are therefore possible if conditions change or if the immunization effort is not maintained."

With annual health spending under $4 per capita in many low-income countries, high immunization coverage can only come through sustained campaigns with steady funding for vaccine supplies and vital equipment such as cold storage for vaccines, transport and other costs. WHO says it would cost $1.1 bn to eradicate polio by 2000, with up to two-thirds of the costs borne by the developing world. Such an investment would show quick returns, and "immeasurable" savings in human suffering.

This makes mobilizing resources and using them efficiently a priority. Both UNICEF and the UN Development Programme urge donors to allocate 20 per cent of aid to human development and African governments to apply 20 per cent of public spending to improving basic social services.

The new South Africa could also have an impact on immunization, says UNICEF, pointing out that it could now take care of its own population which was denied access to immunization services during apartheid. In time it could also provide medical equipment and personnel from its university laboratories for technical assistance to the rest of Africa. ■

Rates of measles vaccination (1993; %)

Region	Average	Highest	Lowest
Eastern and Southern Africa	53	92 *(Malawi)*	22 *(Ethiopia)*
West and Central Africa	40	95 *(C. Verde)*	18 *(Niger)*
North Africa	75	89 *(Egypt)*	42 *(Djibouti)*

Immunization should be made universal by building the capacity "to identify every new birth, to communicate with every parent, and to maintain a record of every child," says UNICEF, which uses rates of vaccination against measles and the reduction in measles deaths and measles cases as indicators of progress. It finds that parents who diligently bring babies for vaccination for the first nine months are also likely to complete the full series of vaccinations against the six main childhood diseases. "Progress in immunization is both an aim and a measure not just of one particular medical intervention, but of the building up of one of the most essential capacities of any health care system," says UNICEF.

African leaders focus on population issues

Improved population policies must be integrated into development efforts, Algeria Minister for Health and Population Yahia Guidom told the 5-13 September UN International Conference on Population and Development in Cairo. While speaking on behalf of the Group of 77 and China, the Minister also echoed the resolution adopted at the Tunis Summit of the Organization of African Unity (OAU) in June, which stressed African concern that efforts to curb the pace of population growth must not be at the cost of the drive for development.

Tunisia Minister for Planning and Regional Development Mustapha Kamel Nabli also voiced African concerns when he urged the Cairo Conference to urgently address the issue of migration as an important element in population policies.

The Tunis Declaration on Population and Development, which was based on the 1992 Dakar/Ngor Declaration on Population, Family and Sustainable Development, had also stressed the centrality of women to effective population policies. It urged African countries to enhance women's educational opportunities and ensure a legal framework that promotes their full participation in all spheres of development.

OAU leaders set a number of goals, such as reducing Africa's population growth rate from 3 to 2.5 per cent by 2000 and to 2 per cent by 2010, and doubling contraceptive use to about 20 per cent by 2000 and to 40 per cent by 2010.

While pledging to increase domestic spending on population programmes, African leaders also urged donors to help with the expansion of health facilities and with information strategies on family planning. The Tunis Declaration calls for the setting up or strengthening of national population institutions and an African Population Commission to promote experience-sharing among African researchers.

•A full report on the Cairo Conference will appear in the next issue of *Africa Recovery*.

Africa's stand on human development

African governments must forge a new partnership with their people "without delay," declared African ministers in presenting the continent's Common Position for the UN World Summit on Social Development to be held in Copenhagen next March. The document calls for more "responsive and accountable government" and popular participation in a decentralized development process which enables all people, and women and youth in particular, to become agents of positive and sustainable change.

However, Africa's sometimes "wrenching" policy changes are "unlikely to succeed without complementary actions" by donor countries and agencies. Urging them to make an "unambiguous commitment" to long-term socio-economic transformation in Africa, African ministers add that human development objectives should be explicitly integrated in structural adjustment programmes.

The African Common Position on Human and Social Development notes that international support has been inadequate and that to transform human conditions in Africa, donor "promises of the past must become the realities of the future." Therefore, key issues for Africa such as resource flows, terms of trade, commodity prices and debt "must finally be dealt with in a way which no longer frustrates the dreams and hopes" of Africa's people.

With Africa's share of world poverty set to double to 32 per cent over the 1985-2000 period, the document calls for a comprehensive attack on root causes instead of "stop-gap" interventions. For example, the proportion of African women living in absolute poverty has risen by 50 per cent in the last 20 years, compared to 30 per cent for men, with "direct implications" for children. The Common Position therefore recommends special measures to support women's productive and remunerative activities, including better access to land and credit and the removal of other institutional and policy biases.

The broad aim is to create jobs and raise productivity in both the formal sector and the agricultural, informal and non-farm rural sectors. One challenge is to reverse the trend that has seen job-creation lag far behind growth of the labour force. With open unemployment set to reach 30 per cent by 2000, and the number of formal sector jobs currently shrinking, the document proposes incentives for labour-intensive investment, wider access to productive resources including large-scale land reform, and education systems that produce "job-creators" rather than "job-seekers."

Since poverty afflicts 60 per cent of sub-Saharan rural populations, revival of the rural economy will also help stem rural-urban migration. Appropriate measures to promote food security and self-sufficiency include improved producer prices, marketing structures and social services, along with efforts to create jobs and raise productivity in the rural economy. Revolving credit and other facilities will support self-employment and help cottage and micro-scale industries to "graduate into small- and medium-scale businesses."

Placing particular emphasis on a broadly "enabling environment," the Common Position says governments must guarantee basic freedoms and integrate former adversaries into the "mainstream of political, social and economic life." Human-centred development is "contingent upon the creativity and enthusiasm" of the majority of the people, it argues. But all too often, economic and social policies drawn up without considering people's needs have been met with "apathy and indifference" and marked by failure and irrelevance.

Africa, therefore, needs a "new compact" between governments and people that reorients "the whole basis of development" to full and genuine participation. Recalling the African Charter for Popular Participation, the action agenda calls for open political processes that enhance the role of civil society, including popular and voluntary associations that are "rooted in the tradition and culture of society so as to ensure community empowerment and self-development."

It encourages people's organizations to "continue to seize the initiative and become fully involved in all aspects of public affairs." Non-governmental organizations (NGOs) can play a very positive role at local and national levels, and should share experiences at regional level, setting common goals to reinforce development and conflict resolution. The document also urges international NGOs to support local efforts technically and financially, and to shift their own emphasis to human development.

African governments should in turn redirect resources to human development and reverse the tendency in most African countries of poorly targeted public spending often marked by poor implementation. The Common Position calls for a cut of at least one-third in Africa's military budgets which swallow some 15 per cent of public spending — slightly more than health and education budgets combined. It also identifies other "leakages" that should be plugged, including non-productive public sector spending, capital flight, as well as corruption, mismanagement and waste.

Turning to multilateral agencies and donor countries, the Common Position urges "early action" to improve the external environment by improving Africa's terms of trade and commodity prices, making significant cancellations of debt and increasing resource flows. ■

African NGOs push for action

African non-governmental organizations (NGOs) have pledged to deepen their role in preventing conflicts in the continent. Specifically citing the status of women, structural adjustment policies, human rights and democracy, African NGOs also undertook to come up with "specifically African solutions" to the problems of poverty and economic stagnation confronting the majority of Africans. They made this commitment at a Forum of African NGOs held in Tunis from 30 June to 4 July on the theme of "Citizenship and Human Development in Africa." Sponsored by the UN Economic Commission for Africa, the Organization of African Unity and the UN Fund for Women, the Forum brought together over 90 NGOs from 30 African, Arab and Northern countries and focused on preparing a significant contribution by African NGOs to the March 1995 UN World Summit on Social Development, the November 1994 African Regional Conference and September 1995 World Conference on Women and the 1996 World Conference on Human Settlements. The NGOs also resolved to contribute to human development programmes "defined on the pan-African scale" as well as at national level, particularly in least-developed African countries.

South Africa faces development challenge

South Africa's democratic government wants to transform the country's deeply divided society and to stimulate high economic growth, without initially redistributing wealth. With a sluggish economy it is a challenge that poses difficult policy choices for the coalition government.

After a remarkably swift transition from decades of struggle and murderous violence to political democracy, South Africa now faces the challenge of restoring economic growth on the new foundations of social justice.

Africa's largest economy was built upon the cruelties of apartheid, a system which brought wealth and opportunity to the few and deep poverty and deprivation to the majority. Now, the new government aims to lead the economy out of recession and social distress with a difficult blend of conservative fiscal policies and what President Nelson Mandela describes as a programme of "deracializing and democratizing the economy and creating the jobs that our people need."

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Removing apartheids's legacy of vast poverty is the new South Africa's biggest challenge.

The hopes of the African National Congress (ANC) are clearly stated in the Reconstruction and Development Programme (RDP), which was launched by the party before the April elections and forms the basis of the new government's five-year mandate. With average incomes for whites nearly 10 times higher than those of blacks, the RDP says a democratic government "must not perpetuate the separation of our society into a first world and a third world." "Attacking poverty and deprivation must be the first priorities," it declares.

As defined by President Mandela in an August speech to Parliament, the RDP encompasses not only socio-economic programmes designed to redress the imbalances in living conditions in South Africa, but also institutional reform, educational, scientific and cultural programmes and a pattern of economic growth "that is sustainable, generates employment and development of human resources." The RDP, President Mandela said, should be understood as "an all-encompassing process of transforming society in its totality to ensure a better life for all."

Meeting RDP goals over the next five years would cost an estimated Rand 90 bn ($25 bn). While the RDP contains a chapter on implementation, an influential report by the Macro-Economic Research Group (MERG), set up by the ANC and the Congress of South African Trade Unions (COSATU), presents a more policy-oriented programme. The traditional commitment of both bodies to public ownership of major economic assets, possibly excluding mineral reserves, has been publicly abandoned. But the thrust of the RDP gives government a significant role in fostering change, largely through public investment programmes and playing what then Finance Minister Derek Keys described as a "pathfinding role for the community."

But with the electoral process completed, and a broad-based coalition of diverse parties in office, economic policy has to face political and economic realities. Confronted by a weak economy, a large budget deficit and dependent upon the private sector _ both domestic and foreign _ for the realization of many of its goals, the Government of National Unity has been determined to send the right signals. While expressing its commitment to fundamental change, the government has equally stressed the imperative of keeping public sector spending under control and reducing inflation. At the same time, it has refrained from increasing what is seen as an already relatively high level of taxation.

The June budget, for example, limited itself to a one-time, 5 per cent levy on individuals earning more than R50,000 per year and on companies. This measure was not to raise revenue for future spending but to settle the R4 bn costs incurred during the

Jennifer Cargill and Anne Shepherd, both based in Johannesburg, contributed to this article.

period of the Transitional Executive Council and the elections.

An initial 100-day programme sought to demonstrate the benefits of majority rule in areas such as free medical care for children under six years old and pregnant mothers, primary school feeding and electrification of deprived townships, especially those affected by violence. However, disappointment and criticism has also been voiced that more radical action was not being taken in the area of redistribution through tax and land reforms and through more ambitious public employment programmes. A wave of wage disputes and strikes have been seen as symptomatic of a spreading discontent, though analysts point out that days lost to strikes are still below levels prevailing in 1991 and earlier.

The June budget epitomized the government's twin approach of pursuing, in Mr. Keys' words, "both social justice and aggressive growth." The RDP was the guiding focus for the budget, but Mr. Keys stressed that planned spending on RDP programmes would not increase overall public expenditure, with the R2.5 bn allocation to a special fund for the RDP coming from savings in government departments. The fund is an effort to kickstart and give focus to the RDP, Minister without Portfolio Jay Naidoo, whose brief is to coordinate the programme, told *Africa Recovery*.

Over the next four years, steadily rising allocations totalling R35 bn could be "diverted" to the RDP Fund without increasing planned levels of spending in real terms, Mr. Keys declared. However, Mr. Naidoo emphasized that the RDP is not an "add-on" to the usual activities of government. "Eventually, all departmental programmes should reflect the RDP," he said. President Mandela, arguing that the RDP was much wider than immediate RDP Fund projects, explained that the government's funding would be used to "exert maximum leverage" in marshalling local and foreign funding.

The political transition is a monument to South Africa's new leadership. Now it must tackle the challenge of building a more just society.

Action in the regions

Central government, however, is only one actor in South Africa's new political scene. Under the Interim Constitution, which will run to 1999, the country's nine provincial legislatures and its numerous town councils could have a significant impact on the day-to-day lives of South Africa's 40 million people. The new council in Port Elizabeth, for example, where the ANC holds 52 of the 100 seats, has presented a budget featuring a 12 per cent rise in property taxes and other changes that provoked outrage among white residents. This was part of the "price of change," said Mr. Nceba Faku, the city's first black mayor, when he outlined his plan for over 700,000 people to have access to water, sanitation, electricity and basic municipal services that the 150,000 residents of the city's white areas have long enjoyed.

The ANC's overall view is clear: there must be a decisive break with the old approach that treats development as a subtraction from growth. The key to the RDP's vision of an integrated programme of growth, development, reconstruction and redistribution is labour-intensive investment. As outlined in the MERG report, the fostering of small and medium-sized enterprises is a central plank in this endeavour.

But with limited government funds, an active partnership between the government and the private sector, including foreign investors, is key to redressing "apartheid-created disparities," the RDP states. Taking advantage of South Africa's relatively sophisticated financial sector, President Mandela has invited investor participation in black economic empowerment and support for the development of small and medium business.

The RDP aims to eliminate disparities in access to all basic infrastructure and services. Infrastructure spending for white South Africans, in per capita terms, has ranked among the highest in the world, according to the World Bank, while conditions for black people are sometimes worse than those in poorer countries in Africa. The programme also focuses on providing training for black people and upgrading existing skills. It stresses the need to maximize the involvement of women and youth in public works and other programmes that "link, expand and contribute" to the restructuring of South Africa's industrial and agricultural base.

But the World Bank warns that unless government policies promote a recovery in private investment and succeed in boosting domestic production and productivity, recession will return. In such a situation, uncontrolled spending in pursuit of RDP goals will merely lead to fiscal and balance-of-payments crises, with half the work-force still without wage employment.

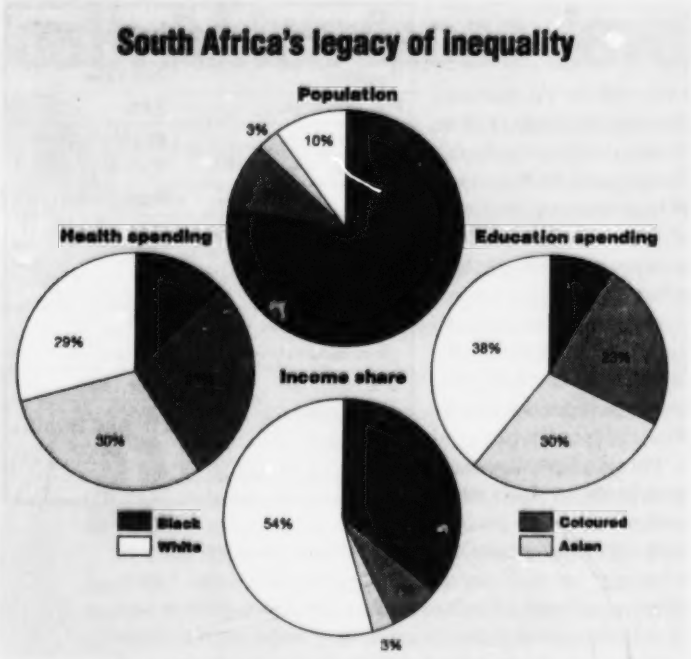
Such fears clearly dominate current economic policy. In his budget, Mr. Keys outlined only a modest economic recovery in progress, despite a "much improved economic climate." Economic growth in the current financial year is expected to be in the order of 2.5 per cent, up from 1 per cent in 1993, with inflation stable at under 10 per cent. The improvement, however, remains well short of the 5 per cent needed if a significant impact is to be made in raising living conditions. Despite the relatively smooth political transition and overtures to foreign investors, there has been no rush to commit funds to the new South Africa (see page 24).

Mr. Chris Liebenberg, who takes over from Mr. Keys as

South Africa at a glance: 1992

Population	39.8 million
Pop. growth rate	2.4%
GNP per capita	$2,670
Currency*	R 3.3=$1
GDP*	R 365.2 bn ($ 112 bn)
of which: agriculture	4.7%
manufacturing	24.9%
Total external debt	$16.4 bn
Debt service ratio	14.7%
Life expectancy (male)	62 years
Crude death rate	9 per 1,000
Infant mortality rate	53 per 1,000
Fertility rate	4.2

Source: UNDP, UNFPA, UNICEF, World Bank



Sources: Development Bank of Southern Africa, Government of South Africa, IMF

Finance Minister in October, will face a tough task in keeping to current plans of cutting the budget deficit to 6.3 per cent of gross domestic product (GDP) in 1994/95 from 6.9 per cent in 1993/94. With nearly 90 per cent of public spending now absorbed by wage and other recurrent costs, cuts could have an immediate impact on one of the RDP's principal goals: employment creation.

Finding jobs for all

One of the many economic inefficiencies of apartheid was a vastly overstaffed civil service. A commitment to retain existing staff while rapidly increasing the number of non-whites in the service again limits the government's room for manoeuvre. Ironically, the massive expansion of the civil service in the 1980s was a major factor in stalling an explosion of unemployment, the World Bank argues.

The situation is very different now. In the 1960s, eight out of 10 job-seekers found wage employment; in recent years, less than one in 10 have been so fortunate. Even with GDP growing at 4 per cent a year, the formal sector can at best cater for less than half of the 400,000 new job-seekers every year.

The South African Business Development Corporation (SABDC) estimates that 85 per cent of businesses in the country are small, manufacturing enterprises, including the informal sector, and account for three-quarters of all new jobs. What is now required, SABDC argues, is a combination of government-propelled support that will increase access to credit, technology and training, and affordable premises. Force-feeding employment generation, however, is an expensive proposition. At R18,000 a job in the cheaper small-scale sector, creating 200,000 new employment opportunities a year would cost R3.6 bn, nearly half as much again as current planned government spending on the RDP.

Generating employment, by increasing black purchasing power, makes strong economic sense. Studies suggest that, given the concentration in black household expenditure on labour-intensive food, clothing and other basic products, a given portion of income spent by black people contributes 10 per cent more to GDP than the same amount of money spent by whites.

Lack of competitiveness

Adding to the government's problems is the lack of competitiveness of South African manufacturing, one of the few, albeit weak, growth sectors in recent years. Yet another economic legacy of apartheid is an industrial base heavily dependent on subsidies and protective tariffs. The government has made a commitment to implement trade reforms by 1999. Trade and Industry Minister Trevor Manuel's 2 September announcement of sharp reductions in import barriers for motor vehicle imports, was a vigorous expression of the government's commitment to greatly reduce the level of protection.

This commitment is already bringing the cold wind of competition into a sector insulated by the dictates and consequences of apartheid. A 1991 study by the South African Chamber of Commerce showed that local manufacturing costs were 15 per cent higher than the average in industrialized countries. In part, this was because firms paid an average 24 per cent more for inputs. In a post-sanctions world, raw material input costs and the cost of capital could fall, but with the need to compete more acute, labour costs will also come under pressure.

Recent studies suggest that wage costs, while lower than that in some competing economies such as Taiwan, are higher than in other large, rapidly industrializing economies like China and Mexico. Some textile, clothing and consumer goods producers are particularly vulnerable and jobs will be lost if the drive for increased competitiveness leads to capital-intensive re-tooling.

Gold and other minerals have long dominated South African exports, their price acting as a barometer for the state of the economy. But by 1990 nearly half of South Africa's exports were considered manufactures, up from just over 10 per cent in 1960, albeit closely linked to the mineral and agricultural sectors. A tax-free subsidy, the General Export Incentive Scheme (GEIS), has proved a valuable weapon in boosting exports since its introduction in April 1990. By tailoring the level of remuneration to the degree of local content and processing, the scheme acts as a good incentive for widening economic activity. But it is also expensive (a budgeted R2 bn by 1992) and could fall foul of the new trade regime resulting from the Uruguay Round of international trade negotiations.

The World Bank has concluded that it is "doubtful" whether the present level of manufacturing exports could be maintained without the GEIS. This would be particularly true if domestic demand does start to rise significantly on the back of greater black purchasing power.

Yet, according to the Bank, manufactured exports must actually grow faster than the 10 per cent annual rate achieved between 1984-90, in order to offset the decline in the terms of trade in the

South Africa: economic indicators								
	1986	1987	1988	1989	1990	1991	1992	1993*
GDP at current prices (R bn)	60.3	164.5	198.1	233.4	264.2	297.9	327.1	365.2
Real GDP growth (%)	6.6	2.1	4.2	2.3	-0.5	-0.4	-2.1	1.1
Merchandise exports ($mn)	25,698	21,088	22,632	22,399	23,383	23,715	23,645	23,925
Merchandise imports ($mn)	18,268	13,925	17,210	16,810	17,045	17,449	18,216	17,980
Current account balance ($mn)	3,508	2,936	1,218	1,579	2,253	2,664	1,388	1,814
Gross budget deficit/GDP (%)	-2.29	-6.99	-5.27	-0.23	-5.14	-6.11	-9.03	-6.90
Gross investment/GDP (%)	30.4	19.3	21.5	20.8	19.3	n.a.	n.a.	n.a.
Total external debt ($mn)	26.1	22.6	21.2	20.6	18.6	17.1	16.4	16.4
Debt service ratio (to exports) (%)	7.9	16.9	16.5	14.0	16.0	13.5	14.7	14.7
Gold ore production (tonnes)	672.4	601.8	619.0	605.5	600.8	601.0	608.5	619.5
Coal production (mn tonnes)	116.0	176.5	178.0	173.9	174.8	175.2	174.0	n.a.
Food production per capita (1979-81=100)	97	85	87	90	?81	80	62	72
Exchange rate (average rand per dollar) †	0.78	2.03	2.26	2.62	2.59	2.76	2.85	3.26
Reserves (months of import cover)	0.5	0.5	0.5	0.7	0.7	0.6	0.6	0.7
Inflation rate (%)	13.8	6.1	12.8	14.7	14.4	15.3	13.9	9.7

Source: World Bank, IMF, FAO, Government of South Africa * estimates †June 1994 R 3.63=$1 n.a. = not available

mining sector. Both gold and coal, South Africa's biggest single foreign exchange earners, face increasing competition.

Greater export-orientation, on a broader base not so closely linked to minerals and metals, would help to improve productivity and capacity utilization, facilitate economies of scale, lower marginal costs and cushion the economy from external shocks, the World Bank argues. But it could also imply a 'leaner and meaner' economy with lower rates of job-creation and increased pressure on wage rates.

The government, with the ANC's oft-voiced misgivings over external influences on economic policy-making dominant, is demonstrating a cautious approach to the condition-laden funding opportunities presented by the Bank (see page 25). However, the need to reconcile the renewed aspirations of the labour movement, many of whose leaders have been drafted into government, with an economic strategy which places its expectations of faster growth largely in the hands of a viable private sector, is one of the major challenges of the new South Africa.

Housing, a critical shortage, exemplifies one way of meeting this challenge, as well as the need for innovative financing techniques to translate need into reality. The shortage has reached "crisis proportions" according to the RDP, with the urban backlog currently estimated at over 1.5 mn units. With hostels and rural areas included, the shortage reaches 3 mn units, and the number of households needing shelter grows by about 200,000 each year.

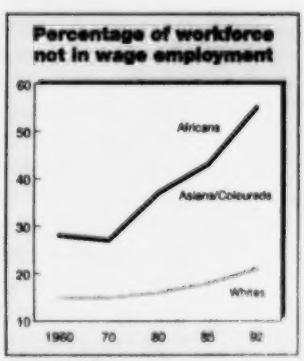
Housing Minister Joe Slovo told *Africa Recovery* that commitments by the previous government of some R1.8 bn must be carried through into the current budget. These would leave only R400 mn for new housing projects. However, the legitimacy of those commitments would be carefully scrutinized, said Mr. Slovo, whose department is building a reputation for being one of the most decisive in the new government.

With R12.5 bn in state subsidies for a housing programme that could cost three to four times more, Mr. Slovo envisages vigorous private sector participation. However, construction firms have been badly hit by the recession, their numbers reportedly halving to some 7,000 in the 1988-94 period. The RDP calls for support for locally-controlled housing associations or cooperatives, and says commercial banks must be encouraged, through legislation and incentives, to make credit and other services available in low-income areas.

In a related area, the government plans to electrify at least 2.5 mn more homes by 2000, thereby doubling provision to over 70 per cent of households. While the total cost is an estimated R12 bn, little new investment is needed. Both the ANC and the World Bank argue that the electricity corporation, ESKOM, has excess capacity and the removal of discriminatory tariffs would also permit cross-subsidies from other consumers to help finance the expansion.

But perhaps the biggest issue affecting employment and income generation, and the most emotive, is the question of land. Land reform, says the RDP, is the "central and driving force" of a development programme for the rural areas, where 40 per cent of the black population still reside.

Fewer than 60,000 white farmers own 87 per cent of the best land, farming over 102 mn hectares. In contrast, some 1.2 million black farmers occupy 17 mn hectares of overcrowded and often substandard land, many "unable to produce or buy affordable food," the RDP says. Since very few black people can afford land on the free market, the abolition in 1991 of the Land Acts has done little to make land distribution more equitable.



Source: World Bank

The government plans to redistribute 30 per cent of white land within five years to black, small-scale farmers. Land Affairs Minister Derek Hanekom has already approached the RDP Fund to finance a number of small-scale land reform projects. The planned transfer could create over 1 mn additional livelihoods, according to the World Bank.

The government also plans to provide a mechanism for restitution of land appropriated through apartheid and other legislation going back to 1913. A land claims court will adjudicate a scheme

which according to Mr. Hanekom could cost R2 bn a year.

Looking at Zimbabwe's experience, the World Bank warns against "tinkering at the margin with land reform and resettlement" as this has made "only limited contributions to output and employment growth" while leaving land a "yet unresolved political and economic liability." It recommends a mix of market and non-market mechanisms that will both encourage current owners to invest more and enable small-farmers to boost their incomes. The Bank also recommends a speedy redistribution process "as a means of discouraging the landless from resorting to land invasions." White farmers employ over 1 million black labourers.

But the agricultural sector itself needs reform. Describing agriculture as "over-mechanized," the World Bank says that a "straightforward substitution of labour for capital will improve output and efficiency." It also echoes the ANC in calling for the removal of distortions such as subsidies on rural credit in the commercial farm sector, which act as a bias against small-scale, black farmers.

Apartheid's legacy

Apartheid's economic legacy will continue for some time to adversely affect the new South Africa. Real GDP in 1993 was some 8-9 per cent below its potential, says the World Bank and "significant" real growth is possible through "fuller utilization" of existing resources.

Finance Minister Derek Keys

With a policy commitment to redress the inequalities in South African life largely through the fruits of growth, there is an apparent imperative to maximize output. Important voices in South African financial circles favour aggressive growth policies, attractive to foreign investors, and an export drive that would require capital-intensive investment.

The general commitment to private investment is clear in the present policy of the government. But it is also equally clear that dependence on a major influx of capital is a high-risk strategy in a competitive world where South Africa's advantages do not always outweigh its continuing disadvantages. With a wholesale commitment to encouraging the foreign private sector also carrying a potentially heavy political price in terms of labour relations, its lack of guaranteed returns necessitates a more cautious approach.

Voices calling for a more centralist, planned, public sector approach to development are also influential, though for the present muted. The apparent failure in other countries and the clear penalty in restricted access to foreign capital makes such a strategy equally risky, even if it has more immediate appeal to the majority of at least the ANC's constituency.

The resultant mixed approach being implemented by what remains a coalition government is inevitably modest relative to the scale of problems. The government's ambitions therefore are highly dependent upon the private sector, both domestic and foreign. The basic challenge facing the government is that of reconciling the sometimes competing interests of this sector and those of the deprived majority of the population. As the RDP put it: "We must not confine growth strategies to the former, while doing patchwork and piecemeal development in the latter, waiting for trickle-down development."

Foreign investment no panacea

Foreign investors remain wary of entering South Africa despite the successful transition to a democratic government committed to fiscal discipline. There has been a flood of foreign business delegations since mid-1993, but accompanied by only a trickle of new direct investment. While the number of foreign multinationals present has risen from 454 in 1990 to 590, according to the Washington-based Investor Responsibility Research Centre (IRRC), few are creating significant numbers of new jobs, perhaps the best prospect so far being the intended $100 mn investment by US-based Pepsi that could bring 3,000 jobs over three years.

Now the country faces the paradox of needing to show political stability to attract foreign investment, and needing substantial new investment to bolster its stability. Finance Minister Derek Keys has warned against "extravagant expectations" of immediate capital inflows, while Reserve Bank Governor Chris Stals has said a net inflow of foreign capital is a "basic precondition" for the country to catch up on the huge backlog of existing unemployment.

Although some already established companies such as Daimler-Benz have announced plans to increase their investments, many foreign firms are only guardedly optimistic over South Africa's long-term prospects. This is despite acknowledgement that they could start making money straight away in South Africa whereas in Eastern Europe, a competitor market for foreign capital, there are significant problems in setting up business. Some analysts argue that political violence could recur, and despite government assurances of potentially excellent industrial relations, investors also dislike the militancy of labour unions and the pressure on already relatively high wage costs.

Of the 158 US companies with direct investment or employees in South Africa, 51 have put in employees or set up subsidiaries since July 1991 when then President Bush lifted the 1986 ban on new investment. But rather than making equity investments, US companies have tended to sign licensing or distribution agreements — since July 1991, the number of US firms with such non-equity links has jumped from 184 to 448. IRRC adds that computer and software firms are likely to form the first wave of new investment in a technology-hungry South Africa. With the likely entry of producers of consumer goods able to distribute without a local manufacturing base, few new jobs would be created.

Explicitly looking at job-creation, the US Overseas Private Investment Corporation (OPIC) recently announced its support for the $75 mn Africa Growth Fund II, a new equity fund managed by Equator Bank that could direct investment to South Africa. This followed the first of a planned series of missions to promote US investment in local joint ventures.

South Africa wants aid on its own terms

By Christina Katsouris

South Africa's new government has been showered by generous aid offers since it was elected in April. However, it is taking a slow and cautious approach to development assistance out of concern both to get the best deals and in order to avoid the heavy conditionality that is attached to many aid offers.

It can afford to be cautious. The country is less aid-dependent than most others in Africa. And given the complex and fundamental changes now under way in the country's aid system, the government is anxious to avoid rushing into hasty decisions it might regret.

However, some officials estimate that concessional funds could finance more than 15 per cent of the first-year implementation costs of the Reconstruction and Development Programme (RDP). And the government is now refining the RDP into projects to which donors can specifically assign funds. It is also trying to determine what role external borrowing — both quasi and fully commercial — should play in the RDP over the longer term.

These are challenging tasks for a government lacking experience of the international aid industry. The African National Congress (ANC)-led coalition is acutely aware of the special interests and donor pressures that can influence economic policy and commit the country to inappropriate projects and unwanted debts.

It has already experienced strong competition among potential donors, despite the fact that many are cutting back aid programmes elsewhere in Africa. "We have all claimed to be the most important player, and while every (donor) is in favour of coordination, everyone wants to coordinate," one European Union (EU) official told *Africa Recovery*. Many couple aid offers, with increased access to export credits, as part of a trade drive for what could be an increasingly important market (see box, page next).

Channels need to be set up through which to route a proportion of aid directly to the government. The new government wants to introduce a coherent framework for coordinating all foreign aid for the RDP, while avoiding the pitfalls of overcentralization. It is also anxious that moves towards government-to-government funding do not decimate the many productive non-governmental organization (NGO) programmes long reliant on bilateral and EU funding.

Minister without Portfolio in charge of the RDP Jay Naidoo met donors and NGOs in Cape Town in June for the first, informal, discussions on the organization and financing of the RDP. The meeting focused on how his Ministry could coordinate aid operations with the Finance and Foreign Affairs Ministries. A conference in Johannesburg in October sponsored jointly by the UN and the Commonwealth Secretariat will help to coordinate funding for human resource

particularly in the black community. Other agreements already signed include a local laundry chain and a computer training business. OPIC guarantees investments against political risk where a US firm has equity of at least 25 per cent.

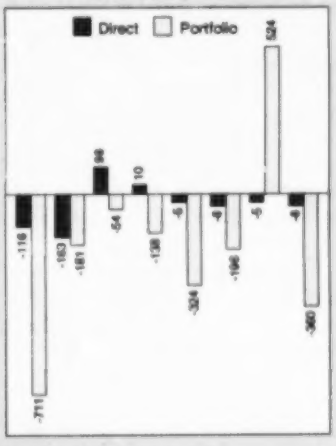
Other positive news has come from the capital markets, with six international merchant banks and stockbrokers setting up South Africa-focused funds in New York and London. Among them, S.G. Warburg and Smith New Court have bought 30 per cent of two South African brokers. This could herald the opening up of the Johannesburg Stock Exchange (JSE). In May, South Africa hired the US investment bank Goldman Sachs to help it get an international credit rating from Moody's and Standard and Poor's, two leading agencies, and has also filed for registration with the US Securities and Exchange Commission.

A committee set up to explore how to restructure the JSE includes among its recommendations the lifting of exchange controls. This is unlikely as long as the government fears a surge in capital flight. Despite increased activity in the bond market, there has been a worrying increase in net outflows since 1993.

Dr. Stals has described as "essential" a replenishment of reserves, which fell sharply in the first half of 1994, "before there will be any scope for a relaxation of the existing exchange controls." But even the level of reserves "wouldn't be critical, because you take the chance that the act of doing away with [exchange controls] was itself a confidence-creating act," Mr. Keys told the UK's *Financial Times* in late June. However, foreign investors had not given the country "an outstanding vote of confidence," and neither had South Africans themselves by "building up their assets in the country and feeling secure about it," he added.

Having been unable to diversify their assets "for about 50 years," wealthy South Africans "in command of large pools of savings" legitimately wanted to find opportunities abroad, he said. One positive result would be the numerous domestic shares that would be freed up for foreign investors. However, Keys warned, "a lot [of capital] will go before a lot can come in." Some analysts have estimated that premature lifting of exchange controls could lead to the rapid exit of some R4-6 bn of portfolio investment. Keys said he would not like to see the government managing this "bridging problem" with interest rates possibly being pushed as high as 30 per cent.

Net investment flows
($mn)



Source: IMF

New aid pledges*

Donor	Funding
Australia	1994 onwards — $23 mn annually
Canada	No specific amount set
Denmark	1994-1999 — $25 mn annually
European Union	1994 — $90 mn, grants
Germany	1994 — $33 mn, grants,
Japan	1995/6 — $1.3bn, loans, credits
Netherlands	1994 — $15 mn
Norway	1994-1999 — $18 mn annually, grants
Sweden	1994/95 — $19 mn, grants, guarantees, concessional funds
UK	1994-97 — $94 mn, grants
US	1994/95 — $600 mn, grants, loans guarantees
UNDP	1994/95 — $10mn, grants
World Bank	1994 onwards — up to $1 bn in short-term loans

*Latest indicative figures

development.

Decisions remain to be taken on how other development institutions' activities will be rationalized. Merger talks are now under way between the Independent Development Trust — set up by the former government in 1990 to finance ambitious development programmes through intermediaries in a range of sectors — and the Kagiso Trust, established in the 1980s to channel grants from the EU.

Speculation continues as to the future running of the Development Bank of Southern Africa (DBSA) — originally set up to support development in the former so-called "Bantustans" — and now the main link agency between government and the World Bank.

In the meantime, the government has been tackling the thorny issue of relations with the International Monetary Fund (IMF) and World Bank. Beyond routine consultations, the new government has made no further requests for assistance from the IMF since the former government drew down the $850mn Compensatory and Contingency Financing Facility announced last year.

World Bank

Relations with the World Bank also appear to have moved down a key, at least in public. After two years of exhaustive research into social and economic sectors, the Bank is keen to move ahead and commit up to $1bn for new programmes. Yet, South African officials have been noncommittal as to when any loans were likely to materialize.

Analysts are divided on the reasons. Some see it as a response to pressure from within ANC ranks not to surrender "control" over policy in exchange for financial assistance — a lesson some ANC members have chosen to draw from discussions with neighbouring governments in the region.

However, South African aid liaison officials dismiss reports that the government is refusing World Bank loans as "simplistic." "There is no indication that we would not access World Bank money," says one. Instead, officials say, the government is determined to ensure that South Africa gets the best deals possible

ADB proposes a twin-track route for Southern Africa

By Ernest Harsch

With the demise of South Africa's apartheid system, the whole Southern African region stands at the threshold of a new era promising greater economic cooperation and integration, observes the African Development Bank (ADB). But the new opportunities for expanded trade and mutually beneficial exchanges "must be seized before the moment passes," the ADB warns in a study called "Economic Integration in Southern Africa."

Surveying the likely impact of the large South African economy on the rest of Southern Africa, it stresses that development and growth must be more balanced than in the past. "The clear lesson," says Bank President Babacar Ndiaye, "is that for the region's overall welfare gain to be distributed among countries more equitably than the market would by itself achieve, a regional policy will be required that would ensure that all countries register net gain as a result of cooperation and progressive integration."

Mr. Ndiaye asserts that for such an equitable economic integration to succeed, a "preoccupation with trade liberalization" by itself is insufficient. There must also be a corresponding "priority to investment in production to expand productive capacity in all sectors and to build the necessary infrastructures." This approach, he says, marks a "fundamental departure" from past attempts at African economic integration.

The study stresses that integration of the wider southern region must proceed incrementally, beginning with the "core" group of countries: the 10 countries of the Southern African Development Community (SADC), plus South Africa. Improving coordination with Kenya, Zimbabwe or other nearby countries may be vital in certain economic sectors, but involving all 20 members of the wider Preferential Trade Area for Eastern and Southern Africa (PTA) at this point "would be fraught with severe practical problems."

Nevertheless, it is important to begin now to rationalize the overlapping and sometimes competing regional institutions. Besides SADC and the PTA, there are the Southern African Customs Union (SACU), the Southern African Multilateral Monetary Area and other subsidiary bodies and bilateral agreements.

The study concludes that the basis already established by SADC for project and sector coordination should provide the "main focus" for integration efforts and that SADC should be careful not to dissipate its efforts. SADC "will have its hands full simply concentrating on the task of coordinating investments in key sectors and engaging South Africa in the region's development." Meanwhile, "the PTA should continue as the agenda-setting authority on trade liberalization and the evolution of a common market," in light of the hopes for an "eventual enlargement" of sub-regional groupings into a broader continent-wide community.

The study's institutional recommendations reflect its view that the route to economic integration in Southern Africa will need to proceed along two parallel and connected tracks. The first is sector coordination and cooperation on project investment and policy harmonization. Progress along this track should begin immediately, the study says, and "coordination in each sector should proceed as fast as circumstances within that sector allow." The second track, market integration, will involve reducing both tariff and non-tariff barriers to intraregional trade.

when it is ready — and to mobilize resources strictly in accordance with local implementation capacity. "The lessons of our neighbours further north have not been lost on us," says one, referring to Africa's $50bn pipeline in undisbursed aid.

The country's relatively small debt burden — at $16.4 bn in 1993, only 15 per cent of gross domestic product — allows it to take advantage of funds being offered. However, the government is also determined not to accumulate debts in general, let alone for the RDP. This may also account for the slowness to announce major World Bank projects.

In his June budget speech, Finance Minister Derek Keys projected an overall budget deficit of R29.3bn, and a financing requirement of R36.5bn. Although provision had been made for some foreign loans to finance this, Keys added the caveat that international loans should be seen as a "substitute" for domestic finance to ease pressures on domestic financial markets — not as a source of "additional financing" for a larger budget deficit.

The government has seen strong competition from potential donors, many of which are cutting aid programmes elsewhere in Africa.

South Africa's Lomé Convention debate

By Christopher Stephens

One consequence of South Africa's long international isolation is its absence from the myriad North-South organizations and arrangements that sprung up during this period. When that isolation began in the early 1960s, the "Most Favoured Nation" (MFN) status under the General Agreement on Tariffs and Trade (GATT) was an accurate description of the terms under which most trade between independent states was undertaken. Now, just 15 per cent of the European Union's (EU) trade, for example, is with countries where MFN treatment is the norm. The rest is on better-than-MFN terms. With Libya and South Africa the only African states not benefitting in this way, the current mid-term review of the fourth Lomé Convention provides an opportunity for South Africa to remedy this exclusion (see page 38). President Nelson Mandela indicated in September 1993 that a democratic South Africa would want to join Lomé as an economy in transition. But as a first step, the EU has so far offered only the extension to South Africa of the Generalized System of Preferences (GSP), the least favourable tier of the EU's 'pyramid of privilege.'

Some EU states are wary of going further, fearing that South Africa is too efficient an exporter of goods that compete with European production, and that its presence in the African, Caribbean and Pacific (ACP) group would tilt negotiating power away from Europe. Claims have been made that other sub-Saharan countries would also suffer from increased competition if South Africa were given Lomé preferences.

But there are solid reasons for believing that sub-Saharan Africa in general, and the Southern Africa Development Conference (SADC) in particular would benefit from South African membership of Lomé.

Within Lomé, South Africa could directly stimulate intra-regional economic activity and trade freely with SADC neighbours. The resulting final products intended for export to Europe would be governed by the same rules of origin. Outside Lomé, South African exports to Europe would encounter significantly different rules of origin and SADC exports could not include material originating from South Africa at the same preferential tariffs.

EU aid operations would also tend to facilitate intra-regional trade if South Africa were a Lomé member. South African contractors would be eligible to tender for EU-funded projects in all ACP countries. This could provide valuable support to regional initiatives and widen the range of choice of ACP governments in awarding contracts.

A final and important advantage would be the fact that all ACP states would be intimately involved in the negotiations for South African membership. This process would further foster collaboration between the new South African government and its neighbours. By contrast, the rest of Africa would have no formal status or role in any other types of trade or aid negotiations between the EU and South Africa. The GSP, for example, is a wholly autonomous affair and the EU does not have to consult any other party when altering its scope. The great advantage for South Africa of the Lomé Convention is its offer to allow duty-free access to all industrial products (providing they meet the rules of origin). It is precisely this open-door approach that alarms some Europeans and makes Lomé attractive to South Africa.

In the last years of apartheid, South Africa was a favoured recipient of European aid. It received much more per capita than normal even for ACP states, let alone the less favoured regions of the world. It is quite likely, therefore, that such aid will be scaled down and not up in the short to medium term. This will apply regardless of the regime that the EU and South Africa negotiate, and so does not necessarily affect the relative attractions of the Lomé Convention.

- EU Development Commissioner Manuel Marin, speaking during a 5-6 September EU/SADC ministerial meeting in Berlin, admitted that there were still problems over South African membership of the Lomé Convention. The meeting reached agreement on setting up working groups to look at closer EU/SADC cooperation in a number of fields.

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Emergencies

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Ghali proposed a more central role for the UN in coordinating international action on development. "ECOSOC provides a ready and potentially powerful vehicle for helping to prioritize the allocation of international resources for development," Mr. Boutros-Ghali said, and could give greater coherence and coordination in the UN system, the International Monetary Fund (IMF) and the World Bank included.

Concern for Africa

Reflecting the depth of UN concern on Africa in particular, Mr. Boutros-Ghali wrote to the leaders of the Group of Seven (G7) industrialized countries prior to their 9-10 July Summit in Naples, drawing their attention to the situation on the continent, where the mounting list of emergencies has been coupled with yet another year of falling per capita growth. The G7 "devoted special attention" to Africa, according to its communique, which voiced concern over "the stagnation and continued poverty in some countries, particularly in Africa." But concrete steps, especially in the areas of aid and debt, were not immediately forthcoming from the meeting.

Development, and in particular, a more effective and central role for the UN, is expected to be a major focus for the UN General Assembly which gets under way on 24 September. The Assembly will debate the *Agenda for Development*, as well as the conclusions from the two meetings which centred on the *Agenda*, the 28-29 June ministerial-level segment of ECOSOC, which was devoted to development issues, and the 6-10 June World Hearings on Development, organized by General Assembly President S. R. Insanally, which brought together a wide range of experts and activists.

UNHM Grant

Mr. Boutros Boutros-Ghali

The need to move the concept of development beyond the current focus on economic growth and markets has been a common theme of recent debate. Beyond this, there has been intensive discussion on how to make international development efforts more effective. This includes a re-examination of the international institutional framework and the relationship between the UN and the World Bank and the IMF, which are celebrating their 50th anniversary this year. In their review of development issues, the G7 leaders agreed to review the work and role of the institutions at their 1995 Summit in Nova Scotia, Canada.

During ECOSOC, IMF Managing Director Michel Camdessus urged greater cooperation between the IMF, World Bank and UN, but stressed the need to maintain the separation of tasks based on each institution's "comparative advantage." For the UN, Mr. Camdessus suggested, this lay in the social and humanitarian areas, with the Fund responsible for macroeconomic policy and exchange relations, the Bank with structural and developmental policies and the future World Trade Organization with trade.

But for many others, at both ECOSOC and the World Hearings, a more comprehensive and integrated vision of development makes it essential that the UN, with its unique overall perspective, play a more central coordinating role in defining development goals and in overseeing their implementation.

UN's unique role

Only in the UN can the voice of all countries "great and small" be heard with equal clarity, Mr. Boutros-Ghali said in *Agenda for Development*. The Secretary-General's view was echoed by many African delegates at ECOSOC who, like Angola's Joao Baptista da Costa, stressed the need "to ensure that all countries, big and small, rich or poor, can participate in world economic affairs as equal members."

ECOSOC President Richard Butler of Australia, during his summing up of the debate, stressed that the UN's comparative advantage lay in its ability to provide a means to build a consensus for globally relevant political decisions, and thereby guide significant aid agencies in their priorities for allocating resources. This, however, required a strengthening of the UN's development coordination capacity. Ambassador Insanally reported near unanimous agreement at the World Hearings that "*An Agenda for Development* cannot be a meaningful document if it does not propose radical reforms in the United Nations system."

Reflecting his own stress on the need for greater cohesion in the UN's development activities, Mr. Boutros-Ghali has requested Mr.

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The World Hearings on Development were held in New York in June to discuss Secretary-General Boutros-Ghali's Agenda for Development. *The Hearings were convened by General Assembly President Samuel R.Insanally (front row, second from right), and were also attended by (front row, left to right): Mr. Jean-Claude Milleron, head of the Department of Economic and Social Information and Policy Analysis; Mr. Nitin Desai, head of the Department of Policy Coordination and Sustainable Development; Mr. Ismat Kittani, Special Adviser to the Secretary-General; and Mr. Johan Nordenfelt, Director in the Department of Political Affairs.*

Speth to assist him in coordinating activities.

During the ECOSOC debate, Dutch Development Cooperation Minister Jan Pronk stressed the need for reform in the UN in order to give it a more powerful voice in development. Mr. Pronk argued for the opening of an economic window in the Security Council as the only means by which to give the UN sufficient political clout while avoiding excessive new bureaucracy.

Coordination with IMF/World Bank

For the UN to succeed in any development coordination task, however, many delegates pointed to the need to redress the balance of influence and power between the UN and the Bretton Woods institutions, a view often fuelled by concern over the adverse social impact of structural adjustment programmes. There has been a "migration of tasks" from the UN to the international financial institutions, Zimbabwe's Ngoni Francis Sengwe told the World Hearings.

"An action-oriented agenda for development must bring the IMF and the World Bank under the ultimate strategic control of the United Nations," former Tanzanian President Julius Nyerere told the Hearings. He also called for more democratic voting procedures for the two institutions, arguing that the principle of "one-dollar, one vote" effectively prevented developing countries from putting people first in their development programmes.

President Nyerere's views reflected widespread concern over the structural adjustment programmes of the Fund and Bank. Algeria's Permanent Representative at the UN Ramtane Lamamra, who is also chairman of the Group of 77 which represents 134 developing countries, echoed the strong feeling of many African and other representatives, in arguing during the ECOSOC debate that any renewed development drive must address the negative effects of these policies.

These, many delegates at both ECOSOC and the World Hearings argued, had not only pursued narrow economic goals at the cost of the fight to roll back growing poverty, but had actually worsened social conditions in many cases.

The 50th anniversary of the Fund and Bank has provoked a number of critical studies of the two institutions (see page 39). The G7 leaders, in their 1995 review, promise to "explore ways to mobilize more effectively the existing resources of the international financial institutions to respond to the special needs of countries emerging from...disruption and the poorest, most indebted countries."

20:20 concept

In striving to give practical expression to a growing consensus on the need for a more comprehensive, "people-centred" vision of development, UN agencies, such as UNDP and UNICEF, have reiterated their "20:20" concept for aid under which donors would agree to commit 20 per cent of new aid flows to human priority areas — as opposed to an estimated 7 per cent currently — alongside a similar commitment by aid recipients to allocate 20 per cent of central budget spending to such areas, against a current estimated 13 per cent.

UN officials insist that the 20:20 concept provides a guideline for action, rather than a strict formula for aid allocation. The ECOSOC debate, however, showed considerable concern over this concept, with some donors questioning its practical application, while developing countries voiced their belief that it could lead to further interference in their domestic policies, with no guarantee that the problem of declining aid volumes would be tackled.

Both this year's General Assembly and the World Summit on Social Development in Copenhagen in March 1995 are expected to debate further the priorities for action for fostering a broader vision of human development and improved machinery for their implementation, including an enhanced role for the UN. Mounting humanitarian crises are expected to add urgency to these debates. ■

An Agenda for Development

In his report aimed at revitalizing the idea of development, *An Agenda for Development*, Secretary-General Boutros Boutros-Ghali says a new conception is needed for a universal, human-centred "culture of development" in which peace, economy, the environment, societal justice, and democracy are each considered distinct aspects of the same drive toward a better world:

- Without peace, human energies cannot be productively employed.
- Without economic growth, there can be no sustained, broad-based improvement in material well-being.
- Without protection of the environment, the basis of human survival will be eroded.
- Without societal justice, mounting inequalities will threaten social cohesion.
- Without political participation in freedom, development will remain fragile and perpetually at risk.

"The concept of development — and decades of effort to reduce poverty, illiteracy, disease and mortality rates — are great achievements of this century," the Secretary-General declares. "But development as a common cause is in danger of fading from the forefront of our agenda."

The Secretary-General calls for continued economic growth "the engine of development as a whole." Without it, he says, there will be no resources for coping with environmental degradation or pursuing programmes to confront such intertwined social crises as poverty, unemployment and the myriad facets of social disintegration.

The fading of distinctions between national and international policies requires greater international policy coordination, says the Secretary-General. But "repeated efforts by the developing world to increase coordination...have failed." Such efforts should include action to alleviate the debt burden facing many developing countries, particularly multilateral obligations, about which "not enough has been done."

The Secretary-General goes on to say that coordination is also required for bringing together, at the country level, the strength of the United Nations system, "which constitutes an unparalleled body of knowledge and expertise at the disposal of the developing countries."

Pointing to the perils of inaction in the face of the stalled drive for development, the *Agenda* notes that the combination of deteriorating economic conditions and social exclusion of large segments of populations from decisions affecting their lives is fuelling both separatist and extremist ideologies.

In addition, "until development on a global scale improves, large populations will continue to move across borders despite efforts to control or impede their flow....In some countries, resentment against [such] migrants has fanned the flames of hatred and intolerance. So development is not only a fundamental human right," the Secretary-General says, it is also "the most secure basis for peace."

Capacity-building

from page 1

his opening address that while external factors such as debt and low commodity prices had hindered Africa's efforts at economic revival, "we ourselves are responsible for the unenviable condition in which we find ourselves." Organization of African Unity Secretary-General Salim Salim likewise stressed that at a time of sharpening international competition, "it is high time we realized that we have to fend for ourselves if we are to be relevant in this new world order...We have a responsibility to ourselves and future generations of Africans to...release the creative energies of our people."

With the entry into force on 12 May of the Treaty establishing the African Economic Community, African ministers stressed that regional approaches must be restored to the development agenda. They also noted the ECA's "precarious finances" in key areas and "deplored" the drastic cuts in UN Development Programme (UNDP) funding for ECA operational activities. They invited African countries to earmark a percentage of their national funding from UNDP to support subregional and regional programmes.

Eroding capacities

The framework agenda notes Africa's difficulties in meeting the multiple challenges of accelerating technological change, new kinds of industrial organization, trade competition and pressures on natural resources compounded by rapid population growth. At the same time, "existing capacities at national and regional levels are rapidly eroding." For example, gains in school enrolment rates made in the 1970s have suffered reversals in several countries against the background of a continent that already had by far the lowest number of scientists and engineers per capita of any world region: 3,451 per million inhabitants in 1985, compared with 9,745 for Latin America and 11,686 for Asia.

Then-President Dawda Jawara of Gambia, in a keynote address, emphasized that overcoming this gap requires much more than simply strengthening individual academic skills. It must also include the development and strengthening of African institutions and of vital infrastructure. The framework agenda emphasizes Africa's need to develop a "plurality of capacity-building initiatives" and take "simultaneous action" in all the critical areas.

Resource mobilization

One critical need highlighted by a special ECA study is far more effective mobilization of financial resources. This, the ECA said, will require a joint effort by African governments and the private sector to significantly raise the domestic savings rates needed to help finance a substantial increase in gross domestic investment.

Resource mobilization requires strengthened financial institutions, and the ministers said appropriate domestic measures include widening the tax base, improving revenue collection, and eliminating corruption and all public sector "ghost workers." Such measures would help reduce inflationary deficit financing, but the ministers agreed that many countries would have trouble generating budgetary surpluses in the short to medium-term.

Such efforts to increase domestic savings and build financial institutions must not stop at national level, ministers insisted, but "must go hand-in-hand with" work at subregional and regional levels to strengthen the foundations of the African Economic Community. Noting the vital role of such cooperation, ECA ministers called on all African countries to open their doors to African trans-border banking and strengthen and harmonize the system of payments clearing houses in order to reduce inter-country transaction costs, increase trade and financial flows and create the economies of scale "critical to the success of capital markets such as stock exchanges, investment banking,

Priority areas for African action

Taking stock of Africa's needs, the ECA reviewed all critical areas in drawing up its Framework Agenda for Building and Utilizing Critical Capacities in Africa, and came up with some paradoxes.

For example, Africa's comparative advantage over other regions in natural resources is virtually negated by the inadequacy of its processing and distribution facilities. The continent has confirmed reserves of crude oil "equivalent to 120 years of supply" at current consumption rates, but there is insufficient installed capacity to satisfy energy needs. And less than half of the abundant natural gas production is used commercially for the same reasons of inadequate infrastructure, while firewood supplies 70-85 per cent of the continent's energy needs at the cost of widespread environmental damage. Overall, Africa is ill-equipped to profitably use its vast resource endowment, says the ECA, and where processing facilities exist, capacity utilization is a poor 30-50 per cent.

In communications, national exchanges operate at an average of 50 per cent while registered demand is twice the installed capacity. Transport subsectors show the same low rates of capacity utilization: for railways, only 25 per cent for rolling stock and under 50 per cent for central workshops; for maritime shipping only 58 per cent, and under 50 per cent for shipyard and repair facilities.

Against this background, the ECA's Framework Agenda identifies eight priority areas "derived from the various regional and internationally agreed programmes and strategies for Africa's development adopted in the last two decades." These include critical capacities supporting good governance, human rights and political stability; capacities for effective socio-economic policy analysis and management; developing entrepreneurship for public and private sector management; building and utilizing physical infrastructure; capacities to exploit natural resources and diversify African economies into processing and manufacturing; strengthening food security and self-sufficiency; and mobilizing and efficiently allocating domestic and external financial resources.

Besides stressing coordinated action at national, subregional and regional levels, the ECA urges donors to support Africa's efforts. No new structures are needed, it points out, arguing only for strengthening existing African bodies and setting up a regional coordination committee under ECA leadership.

mutual funds and insurance companies."

Efficient resource allocation was another key issue. Besides urging African governments to devote more financing to education and other priority social sectors, the ministers called on donor countries and agencies to allocate 20 per cent of their aid to Africa specifically to human development needs (the share is currently around 7 per cent).

Regional emphasis

Enhanced human skills are essential for increasing agricultural and manufacturing productivity and competitiveness, ministers repeatedly affirmed. Mr. Yaker in turn called for strengthened education and research institutions, more effective agricultural extension programmes, expanded vocational training for the jobless youth and retraining to upgrade skills for the employed.

UN

ECA Executive Secretary Layashi Yaker.

Emphasizing the regional approach, Ghana and Uganda offered to share experiences in drawing up capacity-building programmes, while Nigeria and Egypt invited other countries to make use of their respective university facilities and technical assistance, all in priority areas. This tied in with former President Jawara's stress on full use of existing capacities, a call echoed by ministers who said foreign technical assistance must supplement and strengthen indigenous expertise.

According to ECA estimates, some 100,000 skilled Africans now work in Europe and North America, a number ironically equivalent to the number of foreign technical advisors currently working in Africa, usually at very high salaries. The ministers agreed on the urgency of reversing Africa's "brain drain" if indigenous capacity was to be strengthened. But local structures must also be positioned to make use of African skills, add ECA officials. They point out that since 1990, the ECA has had 22 regional advisors with multidisciplinary skills available but that progress has been slow in applying these resources at national level.

Among the skills especially needed in Africa, the ministers observed, are those of policy analysis and negotiation. Several speakers stressed that African governments must sharpen their negotiating skills to ensure that future economic programmes adequately protect vital social sectors. Among those noting the high social and economic effects of structural adjustment programmes were UN Under-Secretary for Economic and Social Information and Policy Analysis Jean-Claude Milleron and Ms. Ellen Johnson Sirleaf, Assistant Administrator of the UN Development Programme and Director of its Regional Bureau for Africa.

Stressing the need for strengthened leadership and more effective institutions, ministers concluded that the practice of democracy and the guarantee of basic human rights "involves the people in the process by which social, economic and political policies are developed so as to take fully into account their interests and wishes." ■

Much greater domestic investment, savings needed

In order to double average per capita income and reduce poverty by over 50 per cent within two decades, Africa will need not only much higher rates of gross domestic investment (GDI) and gross domestic savings (GDS), but also massive increases in external financing. According to an ECA model, Africa needs to raise and maintain GDI at 35 per cent and GDS at 25-35 per cent of gross domestic product (GDP) to attain 6 per cent annual economic growth for the 1993-2005 period. The "enormity of the task" is shown by the fact that since 1980, Africa's GDI has averaged only around 20 per cent of GDP and only about 15 per cent in sub-Saharan countries, says the ECA.

For the 1993-2005 period, Africa would also need external financing of $950 bn (in 1990 dollars) of which $490 bn "would cover external debt service payments, leaving $460 bn for capital investments in Africa," says the ECA.

While stressing the domestic imperative for Africa of maintaining commitment to structural reforms that increase economic efficiency and competitiveness, the ECA notes two external factors that "will continue to exercise veto power over the pace of Africa's development" in the 21st century. These are the "structural trade imbalance," especially for low-income countries, and the external debt burden.

On current trends, the ECA projects a cumulative trade deficit of some $654 bn for low-income Africa by 2015. It argues that Africa will need substantial credits and grants, otherwise "capacity building will be slow, especially in the areas of physical infrastructures and production plant; competitiveness will continue to be lost, diversification of the production and export base will be slow and hesitant; and economic stagnation and social decline will continue." Africa's expected losses from the Uruguay Round are "simply not sustainable" when it is already "the most structurally disadvantaged region in the world trading system," says ECA Executive Secretary Layashi Yaker.

The ECA also calculates that almost half of low-income Africa's external financing gap in the 1995-2015 period will be due to debt-service obligations which will amount to over $499 bn. Creditors have taken "only weak measures" to address Africa's 'old' debt although they generally recognize that it is "largely unpayable and an impediment to recovery," the ECA says. It says debt reduction is crucial — for rekindling confidence, attracting foreign investment and flight capital, and restoring growth in the short-to-medium term — and "depends entirely on the goodwill of the creditors." Calling for "generous and early application of the Trinidad terms," Mr. Yaker says creditors should show their commitment to Africa's recovery by reducing the debt burden "to a point where it ceases to inhibit investing in Africa's future."

The immediate task for African governments is to vastly improve their debt management capacities, the ECA argues, not only to better handle the 'old' debt and negotiate reductions, but also to prudently manage 'new' debt from the outset. African countries must also not count on official development finance flows to cover financing gaps. Instead, says Mr. Yaker, "they must do their utmost" to attract, in the following indicative order of preference, return flight capital; foreign direct investment; long-term bank lending; and short-term lines of credit to cover imports.

Better infrastructure key to development

Disproportionate cutbacks in infrastructure spending during structural adjustment programmes have hit African countries in particular, disrupting vital operations and maintenance, further weakening already poor services and "sacrificing an important impetus to renewed growth," says the World Bank's *World Development Report 1994*. Badly designed and misdirected investments have not only left the poor with less access to infrastructure services, but they also generally "pay higher prices than do the non-poor," it adds. Citing the concerns of poverty reduction, environmental protection and faster private sector development, the Bank argues that wider use of competitive and commercial principles and a greater role for consumers will lead to more efficient infrastructure services, higher productivity and raised living standards.

World Bank

Building better transport links is vital if development goals are to be realized.

The report points out that developing countries spend $200 bn on infrastructure each year, yet 2 billion people do not have electricity, nearly 2 billion lack adequate sanitation, and 1 billion have no access to clean water. Much greater efficiency could cut costs by some $55 bn, enough to provide safe drinking water to all who need it within three years.

The Bank singles out inadequate maintenance as an almost "universal failure" of infrastructure providers, noting that in sub-Saharan Africa "almost $13 bn worth of roads — one third of those built in the last 20 years — have eroded because of lack of maintenance." Some African countries could save $12 mn in electricity generating capacity if they spent $1 mn on power line losses.

The tendency, however, is for new investment rather than maintenance partly because donor countries, which fund nearly half of all public investment in infrastructure in many low-income countries, are often looking for contracts where they can supply capital-goods or consultancy services.

The report calls for better coordination between donors, citing the Bank's success as lead donor for several "umbrella projects," two of the largest being the "integrated roads project" in Tanzania and the "roads and coastal shipping project" in Mozambique, along with others in Burkina Faso, Cameroon, Kenya, Madagascar, Rwanda, Senegal, and Uganda.

It also advocates more regional coordination on infrastructure, mentioning the Sub-Saharan Africa Transport Policy Programme (SSATP) which the Bank launched with the UN Economic Commission for Africa and which is currently ratifying a "Donor Code of Conduct" to ensure donors consult each other before committing to major road and rail investments.

But the Bank's own portfolio, the report notes, contains "an increasing number of poorly performing infrastructure projects." Causal factors include overestimated rates of return on projects that were too complex for implementation capacity and which underestimated the risks involved.

It also identifies such cases of "outright waste" as in Zambia where the shortfall in transport income absorbed 12 per cent of government's current revenue in fiscal 1991, and Ghana Railways where 60 per cent of recent annual revenues came from government subsidies.

Instead of infrastructure services mostly delivered by parastatal monopolies or government departments, where officials have little autonomy and few incentives to make them more accountable to consumers, the report recommends more concession and leasing arrangements. Successes from such practices, it says, include water supply in Guinea, port facilities in Ghana, and the Agences d'exécution des travaux d'intérêt public (AGETIP) in Senegal — a non-profit organization that has carried out hundreds of infrastructure projects efficiently and "corruption-free."

Four options for efficiency

Since not all countries can increase private involvement at the same rate, the report proposes four main options: public ownership and operation; public ownership with private involvement; private ownership and operation; and community and user "self-help" provisions. In countries with no alternative to continued public ownership and operation of parastatals, the study recommends insulation from political pressures through management contracts that increase autonomy and accountability, specify performance targets, and offer only narrow subsidies with pricing strategies that recover cost. Although some parastatals — such as the water authorities in Botswana and Togo, the highway authorities in Ghana and Sierra Leone — have performed well, the Bank stresses that many others have fallen "victim to political interference."

It says reforms in procurement and contracting practices could foster competition and nurture domestic industries. With technical and financial assistance, labour-intensive community approaches can also be particularly effective in such areas as solid waste collection and road maintenance. The report cites Ethiopia's Gurage Roads Construction Organization, founded in 1962, through which local people have contributed both financially and in kind to local priority projects, with government support for such initiatives coming through additional funding and technical assistance. ■

Poor prospects for African LDCs

UNCTAD report finds decline in social services

By David Hecht

The gap between needs and available resources is widening in African least developed countries (LDCs) and per capita incomes have continued falling in the 1990s. A report by the UN Conference on Trade and Development (UNCTAD) also finds a "marked deterioration" in essential social services, especially in education and health care, while debt payments remain particularly onerous. Economic growth in African LDCs, 0.5 per cent on average in 1993, is projected to reach only 1.5 per cent in 1994, "well below" the LDC average and the rate of population increase, according to UNCTAD's *The Least Developed Countries 1993-1994 Report.*

UNCTAD therefore urges donors to provide additional financing and greater export opportunities for LDCs, without which their payments problems and debt relief requirements could worsen. It is also vital that structural adjustment programmes (SAP) support long-term development in LDCs. According to the report, any progress made in financial "stabilization" has been "invariably achieved at the expense of growth, investment and human welfare, with little or no evidence of increased capacity for food production or diversification." To rectify this, UNCTAD argues SAPs must incorporate "as specific goals" poverty reduction, food security, capacity-building and structural transformation.

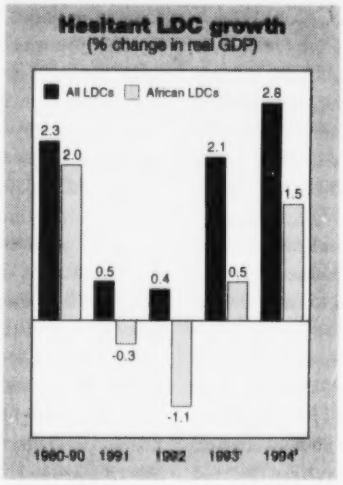
The report notes that LDCs are tending to "postpone health and education expenditures to better times," despite the "clear benefits they bring." However, "no society has undergone industrial growth and structural transformation without a significant rise in the level of literacy," stresses UNCTAD's then Secretary-General Kenneth Dadzie in the report's overview. UNCTAD points out that agricultural productivity rises by an average 7 per cent in developing countries when farmers have at least four years of primary education.

Donors can play a crucial role in "reconciling adjustment with long-term growth," says UNCTAD, stressing that prescriptions should be tailored to the structural vulnerability and specific needs of individual LDCs. It also urges donor cooperation in making aid more effective by focusing on building LDC capacities in planning and economic management.

However, donor preference for projects over programme aid nearly overwhelms the "weak administrative capacity" of LDCs, forced to navigate between different donor procedures for numerous projects. Uganda and Tanzania, for example, had some 600 and 1,200 donor-financed projects, respectively, in 1993. Over half of official development assistance (ODA) is still in the form of tied aid which may not meet local development priorities and "may be prejudicial to potential domestic suppliers," says UNCTAD.

Improving social services

There are some general improvements, with donors allocating more aid to primary social services. Spending on primary education has risen in 15 sub-Saharan countries. But much more is required, including "substantial state involvement" in the free provision of primary education and health care; left to the private sector, access "would be highly unequal," the report argues.



Source UNCTAD 1 Estimates 2 Forecast

UNCTAD proposes a range of special levies, user fees, student loans, partial privatization and community participation as methods of sustaining resources for health, middle-level and higher education facilities. Without such efforts, it stresses, it will be "impossible" in the long-term for LDC governments "to manage their own policies and develop professional and research autonomy."

LDCs are critically dependent on external financing, and though aid to all LDCs rose marginally in 1992 to $16.4 bn, rising net outflows of non-concessional funds suggest that total flows to LDCs are falling. ODA is also unlikely to continue to increase at the same rate as in the past, UNCTAD warns. With export earnings also down in both 1991 and 1992, LDCs as a group are experiencing an acute financing problem.

The LDC's share of world exports fell from 0.6 to 0.3 per cent between 1980 and 1992 and of world imports from 1.0 to 0.6 per cent, the report points out. At the same time, the trade gap widened in at least 20 African LDCs. Stressing the continuing dominance of a narrow range of commodities in LDC exports, the report strongly advocates economic policies that promote diversification into non-traditional agricultural exports and manufacturing. Currently, a sudden shift in terms of trade "can quickly turn success into failure," it adds, pointing to the experience of some West African cotton producers when falling prices reduced earnings by a quarter in 1992-1993.

Turning to key aspects of SAPs, UNCTAD endorses privatization where "it simultaneously fosters the goal of developing indigenous entrepreneurship." But the basic need is to increase public sector efficiency by setting "clear performance goals" that encourage competition.

Similarly, "trade policy is not synonymous with trade liberalization" and successful liberalization does not mean successful development. There is "no clear and systematic association between trade liberalization and devaluation, on the one hand, and the growth and diversification of exports, on the other," UNCTAD argues. The report calls for selective government interventions that build supply capacity and sustain growth.

Without donor support to ease import constraints and to encourage early and positive results, UNCTAD warns that popular resistance to the negative impact of adjustment could cost the government its political credibility and "make the reversion to authoritarian rule all too tempting." ■

Aid and debt relief

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which shows that reforming economies are experiencing faster growth.

This analysis is governing aid allocations. Donors point to the increased support they are now giving to the countries of the Franc Zone following their January agreement to devalue the CFA, both in aid and improved debt relief for Cameroon and Côte d'Ivoire which, as former middle income countries, had not received the enhanced-Toronto terms offered to the poorest countries.

Lending to CFA countries was a factor in a sharp rise in International Monetary Fund (IMF) gross disbursements to Africa in its 1994 financial year to end-April. A mushrooming in IMF lending to Africa to some $1.66 bn, against only $528 mn in the previous year, reflects disbursements of $860 mn to South Africa. But lending to 11 of the 14 CFA countries (including Comoros) totalled $470 mn (or $330 mn once repayments to the Fund are deducted).

Money for Uganda

July's Consultative Group meeting for Uganda saw donors pledge $815 mn despite a minimum of only $515 mn being sought. Uganda's case for earlier and deeper debt relief, ahead of other countries in the pipeline, is also being pushed by some creditors, strengthening the view that the principle of increasing selectivity will be true for debt relief, as well as aid flows. Paris Club relief of up to 80 per cent in some cases, would be clearly linked to commitment to economic reforms, officials say.

Sweden's Overseas Development Minister is only the latest to reconfirm the tough list of conditions countries must satisfy to remain aid recipients. These include democratization and good governance, as well as market-oriented economic policies. Many of the IMF's new deals come against a background of suspended credit arrangements, as countries failed to meet Fund conditionality.

Many African countries already argue that their economic and political circumstances make it impossible to meet all of a growing profusion of conditionalities. In this situation, the list of reformers to which donors are prepared to be generous could become shorter and shorter. ■

Diversification fund

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are established, they should be kept as simple and non-bureaucratic as possible."

But such concerns are unwarranted, argues Mr. Soliman Awad, an Egyptian representative at the UN and African negotiator at the talks. "So many parameters have been established in order to guarantee minimum bureaucracy," he says, pointing out a similarity between the proposed diversification fund and the Global Environment Facility "which did not result in a growing bureaucracy, the secretariat was seconded by the World Bank." He adds that donors would have the option of terminating or restructuring the commodity diversification fund after appraisal anyway.

Role for UN's Common Fund

The Amsterdam-based UN Common Fund for Commodities also warns of the risk of costly bureaucratization. It favours councils staffed by government and parastatal officials, focusing only on policy issues. Making a clear bid for greater involvement, and for some of the funding proposed for the diversification facility, the Common Fund offers the benefits of its administrative apparatus, global expertise and linkages to international organizations. Most of the diversification facility's costs would be absorbed by the Common Fund's normal administrative budget, and funding would be concentrated on operations.

In any case, the World Bank argues, a narrower mandate would obviate the need for grants of $500,000-$700,000 per council and reduce the cost of the overall facility. Unlike the proposed $50-75 mn funding target given for the diversification facility given by the UN, the Bank does not give a specific figure. It does suggests an amount "significantly lower than the lower limit of the proposed range," a view shared by bilateral donors.

The ADB has agreed in principle to host the facility, but it argues for a clear agreement on a "threshold level of funds" to start the ball rolling. While recognizing that it could take time to forge a consensus on the appropriate amount, the ADB warns that "it would not be worthwhile to set up a special window — and thereby commit the requisite human and other resources — unless there is a firm commitment by the international community to provide adequate resources." ■

ADB

from page 13

and has been a major concern behind efforts to strengthen its financial position. Following a July review, both Standard and Poor's and Moody's have maintained the ADB's triple-A status for its senior debt.

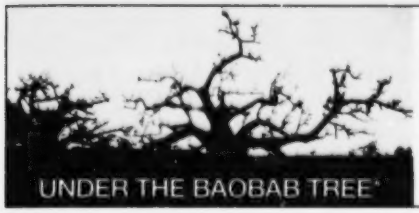
Notwithstanding recent criticism, the agencies said that the Bank's financial policy continues to be strengthened and that its loan operations procedures make it possible to control the quality of the ADB's lending portfolio.

The agencies also drew attention to the generally difficult economic situation facing most of the ADB's members, a factor which many Bank supporters argue is the most significant factor explaining the institution's current problems. Although arrears totalled a significant 6.6 per cent of loans at the end of 1993, most, such as the $400 mn owed by Liberia and Zaire, were due less to poor credit or collection practices than to civil strife, economic contraction and erroneous debt management policies, which have caused accumulation of large overdues to others, as well as the ADB.

ADB has less scope for diversifying lending between different qualities of risk than its counterparts in the higher growth regions of Asia and Latin America. But some of the problems the ADB faces are not dissimilar to those encountered by the Inter-American Development Bank (IADB) before Latin America's recovery accelerated at the turn of the decade. In 1990, the IADB's arrears were similar to the ADB's now.

Management's strategy has been to match, as far as possible, the flow of funds to those best able to afford them. Richer countries took around 87 per cent of ADB loans in 1993.

However, this process is already leading to an unhealthy concentration in lending. Last year, 65 per cent of ADB money went to four North African members, Algeria, Egypt, Morocco and Tunisia; there were no loans to East Africa. Without a significant replenishment of ADF, ADB management argues, group lending would be further skewed, whatever the nature of the final agreement on lending criteria, and a growing number of impoverished countries would be left to chase the reduced amounts of concessional money presently on offer. ■



Children in difficult situations

By Djibril Diallo

Although she looks like a malnourished child, Risikatu can still personify African beauty. Aged 23, she lost her father when she was just 5 and was never able to go to school; her main duty was to help her mother sell smoked fish in the village market. Unlike her two sisters, Risikatu was able to escape her miserable lot and go to Lagos to live with relatives. She was 8 years old, and was meant to go to school like all children her age. But fate struck again. Her guardian fell victim to a traffic accident.

"Orphaned" a second time, the little girl continued to lead the life of a housemaid, like so many other girls. Beside the household chores, Risikatu, now 13 years old, sold kitchen utensils in the market. One day, she became the victim of a rape committed by an adolescent. Unable to recognize the person responsible for the rape and for the pregnancy that followed, she was thrown out by her employer and forced to live in and off the streets.

The experience has been tough, and now 23 years old, Risikatu has a husband with whom she gave birth to her third child, a girl. Fatai, the son born as a result of the rape is now 9 years old, takes drugs and spends his time in the street. Fatai has been expelled from three schools in the space of four years, and has been rejected by his step-father.

"Fatai refuses to go to school; he doesn't even want to stay with me. I have been to see several traditional healers so they can put an end to his bad ways, but nothing seems to work. I have decided to give up, and all I do is pray to God for him to change his attitude one day... I am tired and I can't stand this life any longer. My husband beats me at the slightest excuse, and if it wasn't for my two daughters, I would have killed myself long ago."

Those are Risikatu's words, those of an abused, exploited and humiliated woman with no rights at all. Her story symbolizes that of many children in Nigeria.

As for Fatai, he could end up in jail. There are hundreds of boys like Fatai in Nigeria's shantytowns, a country that has signed and ratified the Convention on the Rights of the Child.

Last year, the Nigerian government set up a national programme of action to ensure the survival and development and to raise the living standards of children, those who will have to play an active role in the society of tomorrow.

The target date for achieving these goals is 2000, a time when many children will still be in the same situation as Risikatu and Fatai. In fact, the austerity measures imposed by the government in the framework of structural adjustment will undoubtedly bring an increasing number of children to live in the streets while their relatives in town as well as in the village, exploit their labour.

In drawing up a joint programme with UNICEF for the 1991-95 period, the federal government has given an increasing priority focus to improving the living conditions of Nigeria's women and children. The programme emphasizes primary health care, water and sanitation, nutrition and basic education. It also aims to reduce the rate of infant mortality by 25 per cent by end-1995; maternal and under-5 mortality by 15 per cent, and to improve living conditions for children in difficult situations such as Fatai.

Children in the Muslim world

Her name is Afrah Al-Attas and she comes from the city of Jeddah in Saudi Arabia. At 33 years old and as "the Ambassador of Culture" as her American friends like to call her, Afrah has won a choice place among the television personalities of her country, even though this field is largely dominated by men. She is the only woman of her generation to have her own show in Jeddah. Broadcast on Wednesdays, her programme targets women, especially those who stay in the house, and aims to open a window on the outside world for them.

Afrah is particularly striking because of her strong desire to promote contacts between nationals and foreigners. Besides Arabic, she speaks French and English fluently, and is a very easy person with whom to talk. This is quite rare in a country where contact between men and women in public is not common .

This role of medium between her country and the outside world led Afrah to take an interest in the symposium on the rights of the child in the Muslim world which took place last summer in Jeddah at the headquarters of the Islamic Conference Organization (ICO). And that is where I met Afrah. She keenly wanted her television audience to feel the reality of the living conditions of children in this part of the world where no less than 5 million children die each year from such diseases as measles, whooping cough, tetanus and diarrhoeal diseases, as well as from the effects of war. Out of the 51 members of the ICO, 30 were represented, including 12 from Africa.

Among the first items on the agenda of the symposium was the signing, ratification and implementation of the UN Convention on the Rights of the Child by ICO member states. Nine ICO members are yet to ratify the Convention, including Saudi Arabia itself. The conference began by clearing up an ambiguity and establishing that there is no contradiction between the Convention and the Islamic legal code called the Sharia. In fact, the Convention, a starting point for guaranteeing the protection of children's rights, can fit within a particular framework of relevant jurisprudence.

As was frequently emphasized, the Convention has the flexibility to enable each State to work out how to implement its provisions according to its specific situation. This is true of apparent divergences between the Convention and Islamic jurisprudence, such as the articulation of the concepts of freedom of expression, of thought, of conscience and of religion or for its Article 20 on adoption, which comes in for specific modification under Sharia law. Conference participants agreed to urge all ICO members to ratify the Convention as soon as possible and certainly before December 1995, the target date for universal ratification.

Afrah is a keen proponent of universal ratification of the Convention and that is why she intends to devote several of her television programmes to the subject. "The Ambassador of Culture" may well have also become: "The Ambassador of the Convention on the Rights of the Child!" ■

**The African Baobab is one of the world's hardiest trees, thriving in even the most arid environment. It is also the tree under which some Africans traditionally meet to decide issues of common concern.*

AFRICA AGENDA

FORTHCOMING EVENTS

19-21 September, Washington: Second Annual Conference on Environmentally Sustainable Development, sponsored by the World Bank. Contact Sarwat Hussain on tel (202) 473-5690 or fax 473-3112.

19 September-9 December, Brighton, UK: "Food Security in Africa: Policy, Planning and Interventions," seminar sponsored by the Institute of Development Studies. Phone: (44-273) 606.621.

29-30 September, Cambridge, UK: "Information Technology for Sustained Development in Africa" will be the theme of an IT Forum organized by African Information Technology Exhibitions and Conferences. Contact AITEC on tel. (44-480) 830.724 or fax 831.131.

September, Harare, Zimbabwe: Regional seminar on "The Impact of Economic Restructuring on the Employment, Training and Working Conditions of Women workers in African Countries," organized by the International Labour Organisation.

7-9 December, Lusaka, Zambia: Mining Forum organized by the Southern African Development Community and the European Commission. Investment/exploration projects from SADC countries will be presented, as well as country updates on mining sector, trade, investment and policy issues. Call (39-6) 324-1719.

16-17 December, Aix-en-Provence, France: "The UN and Restoration of the State," conference organized by the Institut d'études politiqes (IEP) of Aix-en-Provence and the UN Information Centre in Paris. Contact Prof. Yves Daudet, IEP, on tel (33) 42.17.01.65 or fax 42.17.01.99; UNIC, Paris, on tel (33-1) 45.68.10.00 or fax 43.06.46.78.

17-21 October, Columbus, Ohio, US: UN International Symposium on Trade Efficiency, promoted by UNCTAD, will focus on technology as a tool for trade. Contact Jean Gurunllan, in Geneva on tel.: (41-22) 907-5544 or fax 907-0052.

October, Geneva, Switzerland: A second High-Level Meeting on Employment and Structural Adjustment, organized by the International Labour Organisation, will bring together policy-makers, employers, workers and international organizations.

14-17 November, Dakar, Senegal: Regional NGO Forum for Africa, Fourth World Conference on Women.

16-23 November, Dakar Senegal: African Regional Preparatory Conference for the Fourth World Conference on Women. Phone: (212) 963-5086; fax: 963-3463.

January 1995, Dar es Salaam, Tanzania: "Understanding Conflict Resolution in Africa," a three-day conference which will examine the causes and effects of conflict on the continent, and whose objectives include the setting up of bodies for mediation and for diffusion of conflicts. Contact the London-based organizers: Institute for African Alternatives, tel. (44-71) 251-1503, fax 253-0801; Africa Research and Information Bureau, tel. (44-71) 620-1430, fax 620-1431.

6-12 March 1995, Copenhagen, Denmark: UN World Summit on Social Development.

4-15 September 1995, Beijing, China: Fourth UN World Conference on Women.

26 April-9 May 1996, Istanbul, Turkey: United Nations Conference on Human Settlements.

WHAT'S TAKEN PLACE

5-13 September, Cairo, Egypt: UN International Conference on Population and Development. Phone: (212) 297-5222; fax: 297-4915.

9-10 September, York, UK: "Paradigms Lost, Paradigms Regained? Southern African Studies in the 1990s," 20th anniversary conference of the Journal of Southern African Studies, organized by Centre for Southern African Studies, University of York.

5-10 September, East Lansing, Michigan, US: "Rethinking Ethiopian Studies," Twelfth International Conference on Ethiopian Studies, hosted by Michigan State University.

7-9 September, Washington: US-Africa Telecommunications and Broadcasting Conference sponsored by Africa Communications Magazine. Phone: (202) 667-2111.

22 August-2 September, New York: Second meeting of the Preparatory Committee of the UN World Summit on Social Development.

22-29 August, Harare, Zimbabwe: "Agricultural Competitiveness, Market Forces and Policy Choice" was the theme of the 22nd International Conference of Agricultural Economists. Contact Farm Foundation, Oak Brook, IL, US on telephone (708) 571-9393.

17-19 August, New York: Ethnic Diversity and Public Policies was the subject of a seminar organized by the UN Research Institute for Social Development and UNDP, focusing on measures for the prevention and resolution of violent ethnically-based conflict.

7-12 August, Yokohama, Japan: 10th International Conference on Aids; International Conference on Sexually Transmitted Diseases. Contact organizing committee in Tokyo on tel (81-3) 3466-5812 or fax 3466-5929.

24-30 July, Kampala, Uganda: "African Women and Governance," seminar and training workshop organized by two London-based NGOs, ABANTU for Development [tel (44-71) 229-8022, fax 243-0012) and One World Action [tel (44-71) 329-8111].

9-10 June, New York: "Famine in the Media Age: The Politics of Aid and Representation," conference sponsored by New York University. Phone: (212) 998-5090; fax: 995-3474.

22-24 July, Stockholm, Sweden: "Change: Social Conflict or Harmony?" was the theme of a round table organized by UNDP and the government of Sweden. Participants discussed the issues of poverty, unemployment and social cohesion which will also be the focus of the World Summit on Social Development being organized by the UN to be held in Copenhagen, Denmark, in March 1995.

3-7 July, Tapere, Finland: "The Fight against Poverty and Inequality on a World Level" was the theme of the 26th International Conference of the International Council on Social Welfare.

ECA, OAU to study African magazines

The Second International Conference on the African Magazine Industry will be held in Addis Ababa, Ethiopia, on 3-6 April 1995. Co-sponsored by the UN Economic Commission for Africa (ECA) and the Organization of African Unity, the conference is aimed at facilitating the stability of the magazine industry, especially in the context of its role in education and socio-economic development, as well as in the promotion of a more pluralistic political environment. For more information, contact Ms. Amanda B. Adesida-Peterson at the UN Information Service, ECA [Africa Hall, P.O.Box 3001, Addis Ababa, Ethiopia; Tel: (251-1) 51.72.00.

Bolstering support for NGOs

Strengthening public support for private voluntary organizations (PVOs) was the focus of the 1994 Annual Forum of InterAction, a consortium of more than 150 North American PVOs. The three-day Forum, which was held on 9-11 May, in Rockville, Maryland, US, conducted numerous workshops on themes such as "Protecting Relief Workers in Armed Conflict," "How to Work UN Conferences to Affect Policy," "Development, Democracy, and Human Rights," "Meeting the Needs of AIDS Orphans in Africa."

AFRICA BOOKS

Enough is Enough: For an Alternative Diagnosis of the African Crisis by Carlos Lopes. (Discussion paper no. 5 of the Scandinavian Institute of African Studies, Uppsala, Sweden; 1994)

IMF Support for African Adjustment Programmes: Questions and Answers by F.L. Osunade (IMF, Washington; 1993)

A Blighted Harvest: The World Bank and African Agriculture in the 1980s by Peter Gibbon, Kjell J. Havnevik and Kenneth Hermele (Africa World Press, Trenton, NJ, US; 1993; $39.95 Hb/$14.95 Pb)

Developing African Agriculture: New Initiatives for Institutional Cooperation, ed. Wayne E. Swegle. Proceedings of a July 1993 workshop held in Cotonou, Benin, organized by the Tokyo-based Sasakawa Africa Association; Global 2000 of the Carter Centre in Atlanta, US; and the Geneva-based Centre for Applied Studies in international Negotiations. (SAA/Global 2000/CASIN, 1994)

Linking Relief and Development by Jacob Ross, Simon Maxwell, and Margaret Buchanan-Smith (Institute of Development Studies, University of Sussex, UK; 1994). Report on a March 1994 workshop held at IDS.

Canada and the Developing World: Key Issues for Canada's Foreign Policy (North South Institute, Ottawa; 1994; $12)

Public accountability and economic development go hand-in-hand

Ethics and Accountability in African Public Services, eds. Sadig Rasheed and Dele Olowu (African Academy of Sciences, Nairobi; 1993)

Africa's deepening economic crisis may be responsible for another crisis: the prevalence of graft and the absence of adequate accountability among the continent's public servants. The relationship between these two crises is examined in this book, which is based on presentations at two 1991 workshops sponsored by the UN Economic Commission for Africa and the Nairobi-based African Association for Public Administration and Management.

The book is divided into three sections: the first dealing with the probable causes of the crisis in public ethics and accountability; the second presenting specific country cases from around the continent; and the third offering possible remedies to the problem. Suggested solutions include: education in ethics at all levels (at home, in schools, at religious institutions and at the work place); the strengthening of watchdog institutions; research on African civil services; the building of more productive economies.

Consensus and Dissent: Prospects for Human Rights and Democracy in the Horn of Africa by Lea Leatherbee and Dale Bricker (The Fund for Peace, New York; 1994)

Emergent Eritrea: Challenges of Economic Development, ed. Gebre Hiwet Tesfagiorgis (Red Sea Press, Trenton, NJ, US; 1993; $45.95 Hb/$16.95 Pb). Papers from a 1991 Asmara conference on economic policy options for Eritrea.

Genocide in Rwanda: Background and Current Situation, ed. Napoleon Abdulai (Africa Research and Information Centre, London; 1994)

Conflicts and Alliances between Farmers and Herders: A Case Study of the "Goll" of the Fandène Village, Senegal by Mamadou Bara Guèye (Paper No. 49 of the International Institute for Environment and Development, London; 1994)

Poverty reduction threatened by declining aid levels

The Reality of Aid 1994: An Independent Review of International Aid, eds. Judith Randel and Tony German (ActionAid, London; 1994; £10)

ActionAid's 1994 report on international aid sounds an alarm about declining aid volumes and the failure of donor policies to give priority to poverty reduction. On the latter point in particular, "governments do not appear to be making the transition from rhetoric to action," the report argues.

Apart from Japan, which currently provides one-fifth of all aid by the members of the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD), Denmark, Ireland and New Zealand are the only OECD donors which do not anticipate a reduction in their official development assistance (ODA).

The volume of resources available for poverty alleviation is threatened not only by aid budget cuts, but also by the diversion of funds for other purposes, such as emergency relief and forgiveness of debts resulting from commercial export credit agreements. Noting that about 7 per cent of ODA is now devoted to spending on emergency relief, compared to 2 per cent five years ago, the report stresses the importance of the allocation of adequate resources so that "the increased need for relief, peace-keeping and conflict resolution is not met at the expense of those in chronic poverty." In addition, the report calls for the establishment of standards to measure the allocation of aid to poverty reduction.

Citing the significant role of business interests in donor countries in the awarding of aid, the report also urges that donors should set criteria of human development, appropriate technology and sustainable development to be met by companies seeking aid-funded business. About $15 bn of aid was tied to the purchase of goods and services from donor countries in each of the last five years. DAC assistance totalled $60.4 bn in 1992.

Chained Together by David Ottaway (Times Books, New York; 1994; $25). An account of the relation between Mr. F.W. de Klerk and Mr. Nelson Mandela, as they steered South Africa beyond apartheid.

The Military in South African Politics: Champions of National Unity? by William Gutteridge (Conflict Study 271; Research Institute for the Study of Conflict and Terrorism, London; 1994; £10)

Recolonization and Resistance in Southern Africa in the 1990s by John S. Saul (Africa World Press, Trenton, NJ, US; 1993; $39.95 Hb/$12.95 Pb)

From the Mountains to the Plains: The Integration of the Lafofa Nuba into Sudanese Society by Leif O. Manger (Scandinavian Institute of African Studies, Uppsala, Sweden; 1994; $19.95)

Children of War: Wandering alone in southern Sudan by Yohannes Zutt (UNICEF, New York; 1994). An account of the plight of Sudanese children uprooted and displaced by the civil war since 1983.

L'Afrique politique 1994: Vue sur la démocratisation à marée basse by Centre d'étude d'Afrique noire, Institut d'études politiques de Bordeaux (Karthala, Paris; 1994)

Economic Change and Political Liberalization in Sub-Saharan Africa, ed. Jennifer A. Widner (Johns Hopkins University, Baltimore, Maryland, US; 1994; Hb $45/Pb $16.95)

The New Local Level Politics in East Africa: Studies on Uganda, Tanzania and Kenya, ed. Peter Gibbon (Research Report No. 95 of the Scandinavian Institute of African Studies, Uppsala, Sweden; 1994; $9.95)

Vital Signs 1994: The Trends that are Shaping our Future by Lester R. Brown, Hal Kane, David Malin Roodman (Worldwatch Institute, Washington/Norton, New York; 1994; $10.94)

Population and Development: Old Debates, New Conclusions by Robert Cassen and contributors (Overseas Development Council, Washington; 1994)

Biomass Energy and Coal in Africa, ed. D.O. Hall and Y.S. Mao (Zed Books, London/African Energy Policy Research Network, Gaborone; 1994; $55)

AFRICA IN BRIEF

Group of 77 celebrates 30th anniversary

The developing countries' Group of 77 has expressed "profound concern" over the inadequacy of international support in the face of Africa's "critical" economic condition. At a 24 June special ministerial meeting held in New York to mark the 30th anniversary of its inception, the G-77 and China called for greater international commitment to the economic problems of Africa and the developing world. This would require a revitalized UN system where more effective coordination would incorporate the Bretton Woods institutions in an overall effort to strengthen multilateralism, they said. Together, "we must reinvent development," added UN Secretary-General Boutros Boutros-Ghali, noting the strengthened ties between the G-77 and the UN. Stressing the urgent need to revitalize the UN system to meet the development challenge, the G-77 also attached "the highest priority" to the UN Secretary-General's *An Agenda for Development* (see page 1).

The Group welcomed South Africa as its newest member and looked forward to its contribution in achieving common goals. South African Foreign Affairs Minister Alfred Nzo supported the G-77's urgent appeal for the Group of Seven leaders to address the "unsatisfactory state of the global economy." He said "South Africa understands the dichotomy between the developed and developing worlds since apartheid created a similar social and economic disparity."

Foreign Minister Mohamed-Salah Dembri of Algeria, which is the group's 1994 chair, urged members to maintain "cohesion" while broadening their "horizons." The G-77 ministers set up a joint coordinating committee with the Non-Aligned Movement to promote their common aims. ■

Ministers call for better agricultural policies

Only better policy-making and a doubling of investment in the rural economy for at least 20 years will counter Africa's "chronically poor" performance in agriculture, African agriculture ministers have declared. Calling for long-term policies that encourage diversification, but are also responsive to markets and based on comparative advantage, they launched an "Agricultural Development Strategy Initiative for Sub-Saharan Africa" at a June advisory committee meeting of the Global Coalition for Africa in Harare.

The first challenge, ministers said, is to cut food imports by raising agricultural output to above the 3 per cent rate of population growth, reverse the decline in export revenues, expand rural employment and slow rural flight.

They noted certain factors that could work in Africa's favour including a growing labour force, rapid expansion of demand in other regional markets, unexploited agricultural potential, and substantial reserves of phosphate and nitrogen-based fertilizers. The ministers also said the primary policy choice was not between export or food crops: "The real issue is promoting the right mix of agricultural production on the basis of comparative advantage and regional resource endowment."

The future cannot depend on price management which had not benefited farmers, the ministers said, stressing Africa's need to raise productivity, reduce costs and improve quality. And while each government's policy must reflect national priorities and goals, all governments and donors must address key issues

Tough talks between ACP and European Union

African, Caribbean and Pacific (ACP) countries have been warned not to expect any increase in aid from the European Union (EU). At the same time, the EU intends to toughen the conditions attached to its aid, with strengthened emphasis on human rights, governance, human resource development and environmental protection. After the first round of negotiations in May on the mid-term review of the fourth Lomé Convention (1990-2000), the ACP has made clear its displeasure at the EU insistence on having a bigger say in ACP economic policy-making. "We must be able to define our own priorities," says ACP Secretary-General Ghebray Berhane. "There cannot be a transfer of responsibilities to the European Commission."

However, a strengthened human rights clause should be "an essential element" of the Lomé Convention, said Greece's European Affairs Minister Theodore Pangalos, who led EU negotiators at the discussions in Swaziland. This would allow the EU to take "appropriate measures in cases of grave and persistent violations of human rights or serious interruption of the democratic process," Mr. Pangalos explained.

In view of their own financial problems, the best that EU nations can do is maintain the $13 bn already committed to the Convention, says Mr. Peter Pooley, Director-General of the European Commission. With existing funding, the EU nations want ACP countries to promote administrative reform, speed up human resource development and clean up the environment. Funds must also be set aside to "revitalize the economic fabric through revival of the private sector," Mr. Pangalos told the ACP group.

Besides higher aid flows, the ACP is concerned to secure a better trade package. It argues that the trade liberalization regime instituted by the Uruguay Round has led to an erosion of ACP trade preferences in the European market, a view supported by the UN Conference on Trade and Development (UNCTAD). An ACP study into the impact of the Uruguay Round is being prepared. But the ACP already argues that some $2.5 bn will be needed from the EU to compensate for the erosion in trade preferences.

Looking towards a "significant transformation" of trading structures, the ACP "wants to make a leap forward in its exports," Mr. Berhane insists. "We do not want to remain suppliers of raw materials." The ACP is particularly concerned by new trade figures showing a $1.65 bn trade surplus in favour of the EU last year compared to a $1.32 bn deficit in 1992.

According to EU trade officials, EU imports from ACP states fell 22.7 per cent to $11.6 bn while EU exports to ACP states rose 2.7 per cent to $12.1 bn. They said European imports of ACP oils, cocoa beans and cane sugar all fell while only coffee and bananas rose, by 2.5 and 3.6 per cent respectively.

Negotiators from both sides are bracing themselves for intensive discussions from September onwards, with four groups set up to deal with trade, development aid, procedural issues and political and institutional questions. ***By Shada Islam in Brussels*** ■

such as rural infrastructure, access to technology, rural finance systems, an enabling regulatory and legal environment, natural resource conservation and management, and better monitoring and evaluation mechanisms.

Sound policies required continuous dialogue with independent, grass-roots farmer associations, and should have "appropriate, adequate and timely" support from donors, the ministers argued. Donors must also review their policies, they added, calling for more long-term programmes, rather than projects.

The ministers said industrialization policies that tried to bypass agriculture had generally failed and that despite "numerous pronouncements" affirming agriculture's importance, governments had allocated inadequate resources, particularly for infrastructure, and pursued "inappropriate" policies in "pricing, marketing, rural credit and investment, and land tenure." ■

IMF admits Eritrea, but suspends Zaire

On 6 July, Eritrea became the International Monetary Fund's (IMF) 179th member, with an initial quota of $17 mn. Finance and Development Minister Haile Woldense signed the IMF Articles of Agreement for Eritrea.

But earlier, on 2 June, the IMF suspended Zaire's voting rights because of "persistent failure" to service its approximately $315 mn debt to the Fund. Zaire began accumulating arrears in November 1990 and became ineligible to use IMF resources in September 1991. In February 1992 the IMF issued a "declaration of noncooperation." Since the IMF amended its Articles of Agreement in November 1992, the only other country to have its voting rights suspended is Sudan. ■

UNCTAD supplies computerized information on trade

The first CD-Rom with comprehensive trade information on over 85 per cent of world imports in 50 markets was released in May by the UN Conference on Trade and Development (UNCTAD). The Trade Analysis and Information Systems (TRAINS) combines six databases to supply information on commodities and other specific products in all major markets, on tariffs and other trade control measures, with country-specific details on the generalized system of preferences (GSP) and analysis of general trade flows. It also covers trading companies, with bibliographic references on market research studies and reports and is designed to assist traders, negotiators, monitors of economic integration, academics and policy-makers. ■

Widespread calls for reform of IMF, World Bank

As the International Monetary Fund (IMF) and the World Bank celebrate their 50th anniversary, they are facing a growing chorus for radical changes to their structures and mandates. With often very different perspectives, but with some common conclusions on downgrading the role and power of the two Bretton Woods institutions, bodies ranging from Western parliamentarians to Southern non-governmental organizations (NGOs) have issued strong critiques of Bank/Fund operations, many of them fuelled by concern over structural adjustment programmes.

The Bank and Fund have responded with a strong defence of their operations. In a 19 July report, *Learning From The Past, Embracing The Future*, World Bank President Lewis Preston set out a new vision of the Bank's future role. Listing five major challenges — pursuing economic reforms, investment in human resources, protecting the environment, stimulating the private sector and reorienting government — Mr. Preston presented six principles which would guide Bank operations, including limiting Bank interventions to where they can have maximum impact; and more effective partnerships with governments and local groups .

The IMF's Managing Director Michel Camdessus has also vigorously defended the role of his institution, arguing in a series of speeches that the Fund had more responsibilities as the world becomes more economically complex, not less.

Much of recent critique of the two institutions has centred on the need to reduce their role, and for greater democracy in their operations. The 50 Years is Enough Campaign, a coalition of 100 US NGOs and numerous international partners, has mounted an effective international campaign equally focused on reforms to the Bretton Woods institutions and a replacement of their structural adjustment programmes (SAPs) with policies directly geared to the needs of the poor.

The Campaign says the capital base of the Fund and Bank should be cut in order to reduce "the power they wield over borrower nations." The IMF should stop making adjustment loans and return to aiding countries with short-term balance of payments problems.

The 50 Years Is Enough Campaign says the Bank should relinquish management of both the soft-loan International Development Association (IDA) and the Global Environment Facility (GEF). It says, IDA should continue as a concessional lender, but with accountability and full disclosure to local citizens as key operational principles. The GEF, the Campaign says, should be "legally and financially removed from the Bank" and incorporate input from NGOs and affected communities in its projects.

UK NGO, Oxfam, in a response to the Bank's *Embracing The Future*, has called for more accountability in the Bretton Woods system and for a more active UN input into the formulation of adjustment policies. In particular, it argues that the policy-making role of the IMF in developing countries should be ended and the resources of its soft-loan window, the enhanced structural adjustment facility, transferred to a "more appropriate body." Canadian and US NGOs have put pressure on their legislatures to freeze or cut funding for the two institutions unless reforms are undertaken and greater disclosure of information is implemented.

In Southern Africa, the South-South-North Network of NGOs has argued that "the active (or reluctant) collaboration of IMF/World Bank client governments in Africa cannot be used to override the needs of, and active opposition by, people on the ground" to SAPs. A report by the UK's Christian Aid and the Worldwide Fund for Nature, *Facing The Next Fifty Years*, says multilateral institutions should "completely rewrite their economic prescriptions for the developing world," and SAPs must be imposed in northern industrial nations to remove economic obstacles like unfair trade and debt.

The Bretton Woods Commission states in a July 1994 report that the IMF and World Bank have "served the world well in the past." Composed of high-level experts in international finance and development the Commission says the IMF should return to its original focus on international monetary and macro-economic adjustment issues.

While seeing a central role for the Bank in improving the efficiency of global development aid, the Bank should be primarily geared to speeding "the transformation from state to market", particularly by strengthening the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA). It also said that as their per capita incomes rise, the more successful middle-income countries should share the burden of funding IDA. For now, it warned, "maintaining support for IDA will require strong political leadership in the major industrial countries."

AFRICA WATCH

DEVELOPMENT

Angola, Eritrea now listed among the least developed

The number of least developed countries (LDCs) in the world has reached 49 with the late July decision of the UN Economic and Social Council (ECOSOC) to add Angola and Eritrea. Africa now contains 34 of the world's LDCs, and their economic prospects are not promising (see page 33). Botswana is the only country to have "graduated" from the category so far. In 1992, the UN Conference on Trade and Development picked nine LDCs, including Burkina Faso, Burundi, Cape Verde and Guinea-Bissau, as potential graduates, but none had subsequently made enough economic progress, ECOSOC concluded. ■

UNCTAD

GATT deal costs developing countries trade preferences

Developing countries have lost substantial preferential access to major markets as a result of the Uruguay Round of the General Agreement on Tariffs and Trade (GATT), preliminary analysis by the UN Conference on Trade and Development (UNCTAD) indicates. It said on 4 July that the worst-hit sectors were tropical agricultural products, for which preferential margins fell by 74 per cent in the European Union (EU), while for tropical non-agricultural products, margins fell by 96 per cent in Canada, 73 per cent in Japan and 70 per cent in the US. These four markets account for nearly 60 per cent of total imports from developing countries.

A preliminary UNCTAD study found that all goods covered by the generalized system of preferences (GSP) had lost about 82 per cent in preferential margins in Canada, 61 per cent in Japan, 50 per cent in the US and 32 per cent in the EU.

Since the Uruguay Round, it said, trade-weighted tariff averages were still substantially higher for developing country exports (such as agricultural products, textiles and clothing) compared with overall tariff averages in each of these major markets. ■

HEALTH

AIDS rising in Africa, but even faster in Asia

Sub-Saharan Africa is facing a "huge burden of suffering and death" from an estimated 2.5 mn cases of AIDS, says Dr. Michael Merson, executive director of the World Health Organization's (WHO's) Global Programme on AIDS. This is part of a world total of AIDS cases that has risen by 60 per cent in the past year to 4 mn. HIV cases are also up by 3 mn on 1993, almost half in women, to a world total of 16 million adults and over 1 million children.

Over 10 million African adults have contracted HIV since the late 1970s, though WHO says the epidemic is expanding most dramatically in South and South-East Asia.

WHO says almost two-thirds of HIV infections in sub-Saharan Africa occur in the under-25 age group, and usually through sex. In some places, HIV rates are five times higher among girls than boys aged 15-19, and in the worst-hit districts, one girl in 20 already has HIV in the 10-14 age group. ■

TRADE

Russia looks to prospects in Africa's markets

Russia's trade with Africa plunged to $220 mn last year from $1 bn in 1992 and Prime Minister Viktor Chernomyrdin has called for a revival of military and commercial contacts, reported InterPress Service. Describing Africa as a promising region "for developing our trade and economic relations," Mr. Chernomyrdin said Russia had built various facilities in several African countries and trained their specialists.

But without immediate action, "previously gained capital will cease to yield dividends...and we would lose a lot," he said. He was addressing Russian envoys to Africa attending a mid-July conference in Moscow convened to redefine Russian interests in the continent.

Russia must also resume arms exports to Africa, the Prime Minister said, as the "protracted pause in relations" had harmed Russian interests and other countries were actively filling the vacuum, some with arms produced under Russian license but "of lower quality than what our industry can offer." But the era of "privileged" military technical cooperation is over and African leaders must understand that "we simply cannot afford the luxury of extending soft credits to buyers of our arms."

One obstacle to easy restoration of economic relations could be Africa's debt to the Soviet Union, which Russia has taken over. Among the possible options is capitalizing some debts by reinvesting in modernizing power, mining and other heavy engineering plant built in Africa with Soviet aid. Russia has reportedly sold some African debt at a 90 per cent discount, but further sales will now be the option of last resort, says Mr. Chernomyrdin. ■

UN

South Africa President Nelson Mandela has been awarded the 1994 Africa Prize for Leadership for the Sustainable End of Hunger by the New York-based Hunger Project. Mr. Mandela was recognized for his role in ending apartheid, an achievement which "has dramatically transformed the prospects for combating poverty and hunger not only within South Africa, but throughout Southern Africa," the citation said.

REGIONAL INTEGRATION

West African CFA countries ratify economic union

The West African Economic and Monetary Union (UEMOA) came into being on 1 August after the seven member countries (Benin, Burkina Faso, Côte d'Ivoire, Mali, Niger, Senegal, Togo) ratified a treaty originally signed on 10 January in Dakar, just prior to the CFA devaluation. A similar union is being set up in the Central African CFA zone. ■